

## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Confirmation No.: 9478

Robert E. Pollin

Art Unit: 3626

Appl. No.: 09/492,133

Examiner: Kalinowski

Filed: January 27, 2000

Atty. Docket: 2041.0010004

For: **System and Method for Making a  
Payment from a Financial Account**

**Fourth Supplemental Information Disclosure Statement**

Commissioner for Patents  
PO Box 1450  
Alexandria, VA 22313-1450

**FAX RECEIVED**

FEB 24 2005

Sir:

**OFFICE OF PETITIONS**

Listed on accompanying Form PTO-1449 are documents that may be considered material to the examination of this application, in compliance with the duty of disclosure requirements of 37 C.F.R. §§ 1.56, 1.97 and 1.98. The numbering on this Fourth Supplemental Information Disclosure Statement is a continuation of the numbering in Applicant's Information Disclosure Statement filed on April 9, 2004 in connection with the above-captioned application.

This statement should not be construed as a representation that a search has been made, or that information more material to the examination of the present patent application does not exist. The Examiner is specifically requested not to rely solely on the material submitted herewith.

This Information Disclosure Statement is filed in connection with a Request for Continuing Examination, before the mailing of a first Office Action after the filing of a request for continued examination under 37 C.F.R. § 1.114. No statement or fee is required.

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The following remarks are provided for the benefit of the Examiner in evaluating the relevance, if any, of the documents to the patentability of this application.

The Examiner has previously been made aware of litigation involving the parent patents. The Examiner has also reviewed and considered arguments by opposing counsel that the claims of prior patents do not cover electronic transmission of payment order information, and that such transmission are not enabled by the specification, in the form of litigation briefs submitted in a previous Information Disclosure Statement. The document submitted herewith titled "Intell-A-Check's Memorandum of Law In Support of the Construction of Additional Claim Terms of the Patents-In-Suit" provides, among other things, further arguments to that effect. Defendants' Memorandum of Law in opposition to the Intell-A-Check brief is also submitted for completeness.

In response to the briefs and arguments the Court recently issued a "Markman Opinion" that is also provided for the Examiner's review. While the Examiner should review the entire opinion for relevance, applicant particularly directs attention to pages 14-18. In this passage, the presiding judge indicates that the terms "apparatus" and "system," whether appearing only in the preamble or in the body of the claims, "breathe life and meaning" into the claims of the five patents in suit and should therefore be construed as structural claim limitations. The judge holds that claims including the word "apparatus" or "system" should be construed to include a printer. The judge further indicates that in his view, the specification of the parent patent (identical to the present specification) cannot support claims that do not include a printer.

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Applicant respectfully submits that the flaws in this opinion are obvious to those with a basic understanding of how patent claims are drafted and examined. In any case the opinion is not binding on the Patent Office. These issues have already been considered by the Examiner in this case with an opposite determination, that the specification supports claims directed to electronic transmission of payment orders and that the allowed claims are interpreted to cover such electronic transactions. However, in an abundance of caution in terms of meeting his duty of disclosure, and to ensure that the record reflects specific consideration of these issues by the Patent Office, Applicant is submitting these documents for review and full consideration.

The judge relies on three portions of the specification in support of his view that the specification requires that all payment orders be printed. The judge initially quotes the Abstract and the Field of the Invention. The abstract summarizes a disclosed embodiment that includes the printing of checks. The Field of the Invention includes a reference to draft printing. However, these sections were not written with the intent of limiting the scope of the claims. As persons familiar with patent prosecution are aware, inventors are entitled to broadly claim a sub-combination of their invention that does not include all of the disclosed steps or features, to the extent those steps or features are not necessary to distinguish the invention from the prior art. The references to check printing in the sections of the specification noted by the judge are not intended to limit claims that broadly recite generating a payment order and electronically transmitting that data so that they must include a printing operation. Printing of checks is an optional method of processing payments through a clearing house and is not necessarily performed in conjunction with the claimed invention.

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The third passage cited by the judge is the portion of the background section that describes a prior art process for pre-authorized electronic debits (see present specification, page 4 line 34 to page 5 line 22). Applicant respectfully submits that the judge misinterpreted this passage. This passage was written in 1992, at the time of filing of the original application. The process described was a common method for collecting recurring payments. At that time, applicable rules and regulations in the industry did not make any specific provisions for one-time electronic payments authorized by telephone. Under those rules, recurring electronic charges to an account required a written authorization from the payor. Properly understood, this passage merely points out that the pre-authorized recurring electronic payment processes used by the banking industry at that time had not been used to process single payments in collection of a debt. This passage, properly interpreted, is not a disavowal of the use of an electronic transmission of payment order information. The statement in prosecution of a parent case that "electronic debits of the banking system do not suggest the present invention or provide its advantages" is taken out of context. This statement was merely intended to contrast the features of the system defined in the then-pending claims with the data entry systems and methods described in the background section that were adapted to generate *pre-authorized* and *recurring* debits as opposed to non-pre-authorized and/or non-recurring debits.

It should be noted that the term "payment order" is used in both the specification and claims to describe either an electronic or paper order. In particular, *Payment order* is a term of art in the banking industry. The Uniform Commercial Code has defined "payment order" since the time of the original application as: "An instruction of a sender

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to a receiving bank, transmitted orally, electronically or in writing, to pay, or to cause another bank to pay, a fixed or determinable amount of money to a beneficiary if: the instruction does not state a condition to payment to the beneficiary other than time of payment; the receiving bank is to be reimbursed by debiting an account of, or otherwise receiving payment from, the sender; and the instruction is transmitted by the sender directly to the receiving bank or to an agent, funds-transfer system or communication system for transmittal to the receiving bank."

In the present specification, the inventor has disclosed various embodiments of a system that generates payment orders. Support in the specification for generation of electronic payment order data and transmission of that data can be found in a variety of passages. The judge's opinion ignored passages in the specification that support claims directed to electronic payment order transmission.

For example, the "Summary of the Invention" begins by stating two general objects of the invention. The first general object is to "provide a method for collecting funds from a customer's checking account when authorized, without requiring that an executed check be mailed to the payee." The second general object is "to provide a system which facilitates authorized generation of a payment order for transfer of funds from a customer's checking account." These objects, and the term "payment order," which as noted above is understood by persons skilled in the art to include both electronic and paper orders, are completely consistent with and support broad claiming of the manner in which payment orders are transmitted according to the invention.

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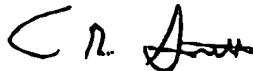
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As another non-limiting example, the attention of the Examiner is directed to Figure 8 and item 800 in that Figure. Item 800 is an input system that generates electronic payment order information and transmits it to a remote system for processing. Transmission may be by a variety of electronic methods, and may be by individual record or batch processing. See page 32, line 9 through page 34 line 2 of the specification. This input system and its disclosed features have been found by the Patent Office to be a patentable sub-combination of the invention, and applicant is entitled to claim a sub-combination (such as a standalone payment order data entry system) without including limitations in the claims as to other possible functions that may optionally be performed, such as printing paper drafts.

It is respectfully requested that the Examiner initial and return a copy of the enclosed Form PTO-1449, and indicate in the official file wrapper of this patent application that the documents have been considered.

Respectfully submitted,

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FORM PTO-1449

**INFORMATION DISCLOSURE STATEMENT**ATTY. DOCKET NO.  
2041.0010004APPLICATION NO.  
09/492,133FIRST NAMED INVENTOR  
Robert E. PollinFILING DATE  
January 27, 2000ART UNIT  
3626**U.S. PATENT DOCUMENTS**

EXAMINER INITIAL		DOCUMENT NUMBER	DATE	NAME	CLASS	SUB-CLASS	FILING DATE
	AA1						
	AB1						
	AC1						
	AD1						
	AE1						
	AF1						
	AG1						
	AH1						
	AI1						
	AJ1						
	AK1						

**FOREIGN PATENT DOCUMENTS**

EXAMINER INITIAL		DOCUMENT NUMBER	DATE	COUNTRY	CLASS	SUB-CLASS	TRANSLATION
	AL1						Yes No
	AM1						Yes No
	AN1						Yes No
	AO1						Yes No
	AP1						Yes No

**OTHER (Including Author, Title, Date, Pertinent Pages, etc.)**

AR	1	Intell-A-Check's Memorandum Of Law In Support Of The Construction Of Additional Claim Terms Of The Patents-In-Suit, 36 Pages, Filed May 20, 2004 in INTELL-A-CHECK CORPORATION v. AUTOSCRIBE CORPORATION and POLLIN PATENT LICENSING, LLC, U.S. District Court for District of New Jersey, Case No. 01-CV-4625 (WJM).
AS	1	Defendants' Memorandum Of Law In Opposition To, And In Support Of Their Motion To Preclude, Plaintiff's Construction Of Additional Claim Terms Of The Patents-In-Suit, 31 Pages, Filed June 4, 2004 in INTELL-A-CHECK CORPORATION v. AUTOSCRIBE CORPORATION and POLLIN PATENT LICENSING, LLC, U.S. District Court for District of New Jersey, Case No. 01-CV-4625 (WJM).
AT	1	Markman Opinion - Hon. William J. Martini, 23 Pages, Issued December 2004 in INTELL-A-CHECK CORPORATION v. AUTOSCRIBE CORPORATION and POLLIN PATENT LICENSING, LLC, U.S. District Court for District of New Jersey, Case No. 01-CV-4625 (WJM).

EXAMINER

DATE CONSIDERED

EXAMINER: Initial if reference considered, whether or not citation is in conformance with MPEP 609. Draw line through citation if not in conformance and not considered. Include copy of this form with next communication to Applicant.





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### FEDERAL STATUTES

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### **PRELIMINARY STATEMENT**

Intell-A-Check Corporation ("Intell-A-Check") demonstrates in this brief how certain claim terms, which have not previously been fully briefed as to their proper construction, should be defined through Intell-A-Check's proposed application of the traditional principles of claim construction. This brief applies those principles, including using the prosecution histories of the asserted patents, to show why Intell-A-Check's proposed definitions should be adopted. The terms found in United States Patent Numbers 5,504,677 ("the '677 Patent"), 5,727,249 ("the '249 Patent"), 5,966,698 ("the '698 Patent") and the 6,014,315 Patent ("the '315 Patent") (all collectively hereafter, "the Asserted Patents"), which are still in dispute, follow, with the definitions that Intell-A-Check urges that the Court should adopt:

**1) Automated**

"Converted to or equipped for automatic operation, specifically, operation that is self-acting, especially (of a machine, device, etc.) working of itself with little or no human actuation."

Reference: The New Shorter Oxford Dictionary, pp. 152-153.

**2) System and/or apparatus**

"A computer, with a display screen, keyboard and printer, on which the required software program is running." ('677 patent, Column 6, lines 40 to 44 and Column 7, lines 57 and 58; corresponding cites in '249, '315 and '698 patents).

**3) Coded embedding**

"Synonymous with hard coding, coded embedding is the fixing within a given copy of the program of the payee

identification information and the secreting thereof into the program, code so that it (the payee identification information) cannot be changed." (File history of '677 patent, Discussion in Support of Petition to Make Special of May 14, 1993, page 4; '677 patent, Column 13, lines 65 to 67; corresponding cites in '249, '315 and '698 patents). A separate copy of the program is required for each new client.

For purposes of claim 2 of the '249 patent, the phrase "in a predefined configuration" is synonymous with "coded embedding."

**4) Payer (payor) previously unknown to the apparatus (system); New Payer (payor)**

"A person who is a stranger, that is, who does not have an existing account and a credit relationship with the operator of a collection system, so that the system operator must manually enter information identifying such a payer into the system." (File history of '249 patent, Second Preliminary Amendment of September 27, 1996, page 37).

**5) Payer (payor) who has not previously authorized payments; New Payer (payor)**

Means the same as payer previously unknown to the system (apparatus). ('677 patent, Column 5, lines 6 to 11 and Column 8, lines 15 through 35, as noted by Examiner on page 9 of Office

Action of March 31, 1999 in file history of '315 patent; corresponding cites in '249, '315 and '698 patents).

**6) Magnetically encoded ink**

"Magnetically charged ink which can be read by Magnetic Ink Character Recognition (MICR) equipment used by the banking system's automated check clearing centers." ('677 patent, Column 6, lines 49 to 52; corresponding cites in '249, '315 and '698 patents).

**7) Processing said electronic record and transmitting information to a central clearing system for processing to cause a transfer of funds from said payer account to said payee**

Found in Claim 10 of the '315 Patent, this language, as interpreted properly through the prosecution history, requires the printing of a paper draft. "The next check number in debtor's check sequence is obtained and the debtor is instructed to destroy the existing check bearing that number. After processing by the check clearing house system, the draft generated will appear in the debtor's bank account statements as a numbered check and the paid draft will be returned to the debtor with his or her other checks depending on the policy of the debtor's financial institution." ('677 patent, Column 7, lines 34 to 41 as noted by Examiner on page 10 of Office Action of March 31, 1999 in file history of '315 patent).

**8) Input means**

"A keyboard, or the structural equivalent thereof."

('677 patent, Column 8, line 22 and 23; corresponding cites in '249, '315 and '698 patents).

**9) Output means**

"A printer, or the structural equivalent thereof."

('677 patent, Column 6, lines 25 to 31 and lines 44 to 52; corresponding cites in '249, '315 and '698 patents). "The printer port, or the structural equivalent thereof." (Claim 7, '315 Patent)('249 Patent)('677 Patent).

**10) Processing means**

"Computer hardware running the required software"

('677 patent, Column 7, line 57 to Column 8, line 14, and Column 12, line 38 to 55; corresponding cites in '249, '315 and '698 patents).

**11) Using said input information, generating an electronic record containing information sufficient to generate an order to pay an amount authorized by said payer to said payee**

"In the next step, as shown in block 212, transaction information defining the draft to be produced may be stored in the computer 102, preferably in a mass storage device associated therewith. The information defining each draft printed is preferably permanently archived for future reference in case of any question or dispute." ('677 patent, column 11, lines 4 to 9 as noted



by Examiner on page 10 of Office Action of March 31, 1999 in file history of '315 patent). This is the claim construction that requires the printing of a paper draft to satisfy the limitations of Claim 10 of the '315 Patent.

**12) Draft**

"A paper document payable to the payee and drawn on the payor's checking account pursuant to the payor's authorization." ('677 patent, Column 6, lines 8 to 39; corresponding cites in '249, '315 and '698 patents). Wherever found in the patents, the phrase "generating a draft" means "the physical printing of a paper check or draft."

**13) Contemporaneously**

"Occurring during a telephone call between a system operator and a payor" ('677 patent, Column 6, lines 14 to 19; corresponding cites in '249, '315 and '698 patents).

\* \* \*

In accordance with this Court's directions, this brief addresses just those claim terms as are set forth in paragraphs 4-13 above, as those terms have not previously been fully briefed. For the reasons set forth, this Court should adopt Intell-A-Check's definitions. As to the terms identified in paragraphs 7 and 11, Intell-A-Check has previously submitted a supplemental memorandum demonstrating that Claim 10 of the '315 Patent requires the actual printing of a paper draft by the system claimed in light of the prosecution history of that Patent in order to meet the limitations of that claim. The argument made in that submission, which we summarize

within, addresses the claim language set forth in paragraphs 7 and 11 above and supports the conclusion that proper construction of Claim 10 of the '315 Patent requires the physical printing of a paper draft in order to meet all the limitations of the claim.

Autoscribe has objected to Intell-A-Check's proposed definitions for certain of these terms, suggesting that Autoscribe cannot "adequately prepare" alternative definitions or argue against Intell-A-Check's proposed definitions for these terms. Autoscribe's procedural objection should be rejected. As the patentee, Autoscribe has always and indisputably borne the burden of proof respecting infringement. For Autoscribe to satisfy that burden, Autoscribe has always been required to show that *each and every element of the asserted claims* are found in what Intell-A-Check makes, uses or sells. Autoscribe could not satisfy that burden without identifying and defining precisely what and where *each* element of its many claims may be found in Intell-A-Check's product. It simply defies reason to assert, as Autoscribe apparently does, that the patentee is somehow unprepared to defend the construction of claim terms in its patents for which it has always had the burden of proof. Such an assertion is tantamount to admitting that it cannot prove infringement because the patentee cannot define terms in its patent. This cannot be true in light of Autoscribe's pursuit of its allegations that Intell-A-Check infringes the claims of the Asserted Patents.

In fact, Autoscribe previously advanced definitions for *each* of the contested terms when Autoscribe presented a report by its proposed expert, Mr. Tinkle. Autoscribe can rely on those definitions, just as Intell-A-Check has relied on them to demonstrate that Intell-A-Check's definitions, not Autoscribe's, are the appropriate ones by which to construe the claims. For Autoscribe now to argue "prejudice" or a lack of preparedness is flatly contradicted by these

facts and Autoscribe's burden as patentee. Autoscribe's procedural objection should therefore be rejected.

Intell-A-Check begins its brief by summarizing the relevant claim construction principles that are particularly appropriate for this brief.

### **ARGUMENT**

#### **I. INTRINSIC EVIDENCE AND PROSECUTION HISTORY GOVERN THE PROPER CONSTRUCTION OF TERMS IN PATENT CLAIMS**

##### **A. Principles Respecting Claims That Use The Convenience Of Means-Plus-Function Language For Claims Pursuant To 35 U.S.C. § 112 ¶ 6 Require Identifying The Corresponding Structure In The Patent's Specification That Is 'Clearly Linked' To The Recited Function**

The Asserted Patents take frequent advantage of a patentee's ability to express claim elements as permitted by the sixth paragraph of 35 U.S.C. § 112 (hereinafter "§ 112 ¶ 6") in terms of means-plus-function.<sup>1</sup> Claims drafted to include means-plus-function elements are subject to the definiteness requirement of the patent law:

[I]f one employs means-plus-function language in a claim, one must set forth in the specification an adequate disclosure showing what is meant by that language. If an applicant fails to set forth an adequate disclosure, the applicant has in effect failed to particularly point out and distinctly claim the invention as required by the second paragraph of Section 112. *In re Donaldson Co.*, 16 F.3d 1189, 1195, 29 USPQ2d 1845, 1850 (Fed. Cir. 1994)(in banc); *see also In re Dossel*, 115 F.3d 942, 946-47, 42 USPQ2d 1881, 1884-85 (Fed. Cir. 1997); 35 U.S.C. §112, ¶2.

*B. Braun Medical, Inc. v. Abbott Laboratories*, 124 F.3d 1419, 1424-25 (Fed. Cir. 1997).

Drafting claim elements in means-plus-function format enables a patentee to describe aspects of its invention in convenient, general terms "without recitation of all the possible means that might be used in a claimed apparatus." *O.I. Corporation v. Tekmar Company Incorporated*,

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<sup>1</sup> 35 U.S.C. §112 ¶ 6 provides that a claim element "may be expressed as a means . . . for performing a specified function" and that "such claims shall be construed to cover the corresponding structure . . . described in the specification and equivalent thereof." The asserted claims each contain means plus function elements.

115 F.3d 1576, 1583 (Fed. Cir. 1997). This convenience has a price. As the Federal Circuit has observed, “[t]he price that must be paid for use of that convenience is limitation of the claim to the means specified in the written description and equivalents thereof.” *Id.* At 1583 A patentee that “employs means-plus-function language in a claim, . . . must set forth in the specification an adequate disclosure showing what is meant by the claim language.” *Atmel Corp. v. Information Storage Devices, Inc.*, 198 F.3d 1374, 1380 (Fed. Cir. 1999)(citing *In re Donaldson*, 16 F.3d 1189, 1195 (Fed. Cir. 1994)(rejecting an incorporation by reference of an article that supposedly described a “corresponding structure”). Thus, by using means-plus-function formulations, patentees *limit* the structures claimed to those structures actually disclosed in the specification and their structural equivalents. 35 U.S.C. § 112 ¶ 6.

Claims that are subject to § 112 ¶ 6 thus require the Court: 1) to identify the recited function; and 2) to then identify the corresponding structure that is disclosed in the written disclosure that performs that recited function. *Nomos Corporation v. Brainlab USA, Inc.*, 357 F.3d 1364, 1368 (Fed. Cir. 2004); *see also Smiths Industries Medical Systems, Inc. v. Vital Signs, Inc.*, 183 F.3d 1347, 1357 (Fed. Cir. 1999)(identifying the “corresponding structure” that performs the recited function involves crafting a definition, derived from the specification, to describe the structure that the patentee has “clearly linked” to the recited function in the specification); *B. Braun*, 124 F.3d at 1424 (the “clear link” is the *quid pro quo* for the convenience of using § 112 ¶ 6); *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1347 (Fed. Cir. 2001)(describing in words a corresponding structure); *Wenger Mfg. v. Coating Machinery Systems*, 239 F.3d 1225, 1233 (Fed. Cir. 2001)(same).

Means-plus-function drafting limits the structures that satisfy the claim: “A means clause does not cover *every means* for performing the specified function.” *Nomos*, 357 F.3d at 1368.

As the Federal Circuit has held, “[t]he price that must be paid for the use of [§ 112 ¶ 6’s] convenience is limitation of the claim to the means *specified* in the written description and equivalents thereof.” *O.I. Corporation*, 115 F.3d 1583. Autoscribe seeks to go far beyond this required analysis. Autoscribe’s effort is error. Importantly, where, as in the Asserted Patents, there is only *one* embodiment of the invention described, “the corresponding structure is limited to that [one] embodiment . . . .” *Nomos*, 357 F.3d at 1368 (citing *Intellectual Property Development, Inc. v. UA-Columbia Cablevision of Westchester, Inc.*, 336 F.3d 1308, 1319 (Fed. Cir. 2003)(emphasis added)).

In the following argument, respecting the definition of means-plus-function claim elements, Intell-A-Check will identify the function and then will show what structure is clearly linked to performing that function in order to define the term in accordance with the way § 112 ¶ 6 operates.

**B. Proper Construction Of Claim Terms Depends On Intrinsic Evidence, Supplemented By Dictionaries And Treatises That Supply Common Meanings**

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It is bedrock law that to define terms, courts should rely on the *intrinsic* evidence related to the patent, namely, the patent itself, the prosecution history, and the prior art cited during the prosecution history of the patent, and, in this case, its re-examination. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996)(“In most situations, an analysis of the intrinsic evidence alone will resolve any ambiguity in a disputed claim term. In such circumstances, it is improper to rely on extrinsic evidence.”) The Federal Circuit has repeatedly focused on the important public notice function of patent claims for using the patent claims themselves, the prosecution history, and the specification in construing claims in order for the public to know what is claimed and what is not. *See Alpex Computer Corp. v. Nintendo Company Ltd.*, 102 F.3d 1214, 1220 (Fed. Cir. 1996). Only by understanding what the claims

mean and what they do not mean can the public respect patents and promote further, non-infringing innovation. *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730-731 (2001) (“*Festo VIII*”). (“This clarity is essential to promote progress, because it enables efficient investment in innovation. A patent holder should know what he owns, and the public should know what he does not.”)

The public is entitled to rely on the plain language of the patent grant and the public statements patentees make concerning their inventions in order to determine the scope of a patent claim and to avoid infringement of a valid patent. *Festo VIII*, 535 U.S. at 731; *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989); *Vitronics*, 90 F.3d at 1584. A proper claim construction should therefore not be supplied by expert testimony in the context of an infringement suit. See *Omega Engineering, Inc. v. Raytek Corp.*, 334 F.3d 1314, 1331-32 (Fed. Cir. 2003)(statements from experts cannot be used to “rewrite the patent’s specification” to create a “clear link” where the language in the specification provides none).

The importance of the public notice function of claim language and the danger of adopting artificial, technical or arcane definitions was reaffirmed by the Federal Circuit in *Dayco Products Inc. v. Total Containment, Inc.*, 258 F.3d 1317 (Fed. Cir. 2001) and is a cardinal principle in the line of *Festo* decisions. Claims must be interpreted from the perspective of those of ordinary skill in the art and “not from the viewpoint of counsel or expert witnesses retained to offer creative arguments in infringement litigation.” *Id.* At 1324. Reversing the District Court’s interpretation, the Federal Circuit cautioned against relying on a claim construction argument that was “so convoluted and artificial” as not to be apparent to one of ordinary skill in the art from the patent and the patent prosecution history. The public, after all, is not put on notice of what the patent claims by counsel’s arguments in an infringement suit, where the argument is

shaped by the patentee's hope to succeed on its pending infringement claim. *See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 344 F.3d 1359 (Fed. Cir. 2003) ("*Festo IX*") (citing *Pioneer Magnetics, Inc. v. Micro Linear Corp.*, 330 F.3d 1352, 1356 (Fed. Cir. 2003) ("Only the public record of the patent prosecution, the prosecution history, can be a basis for [the reason for the amendment to the claim]. Otherwise, the public notice function of the patent record would be undermined."))

Accordingly, this Court should first look to the claim language, the specification and the prosecution history in order to give the terms "their ordinary and accustomed meaning as understood by one of ordinary skill in the art." *Dow Chemical Co. v. Sumitomo Chemical Co., Ltd.*, 257 F.3d 1364, 1372 (Fed. Cir. 2001). The ordinary meaning of any term, however, may be modified by any interpretation the patentee placed on such term during prosecution as reflected in the prosecution history. If a word or phrase is to have a special, unusual or specific meaning, that special meaning must be *clearly* set forth in the patent specification or in the file history. *Vitronics*, 90 F.3d at 1582.

Although the precise language used in a claim is the *primary* source for a proper interpretation of the scope of the claim, an equally valuable resource for interpretive guidance is the prosecution history. That principle is particularly important here. What the patentee argued to the PTO concerning its invention must be examined to determine what claim amendments or arguments were made that would affect claim interpretation. *Dow*, 257 F.3d at 1369; *Festo IX*, 344 F.3d at 1369-1371. The point principally is again one of public notice and the right of the public to rely on the arguments patentee made with respect to the scope of its claim *at the time it was arguing for the allowability of the claim and its right to a patent*. *Festo VIII*, 535 U.S. at 730-31 Put simply, the arguments and representations a patentee makes to the Patent Office in

order to secure his patent bind the patentee to those meanings, both as to affirmative representations of definite meaning as well as to potential meanings that were abandoned. *Id.*; *Festo IX*, 344 F.3d at 1366-1369; *Vitronics*, 90 F.3d at 1582-83. This point is significant for understanding why the physical printing of a paper draft is required by Autoscribe's patent claims even, as in the case in Claim 10 of the '315 patent, when the face of the claim does not express that requirement. Intell-A-Check demonstrates here that the Examiner's understanding of Claim 10 necessarily predicated allowance of the claim only if the claim were to be interpreted to require the printing of a paper draft. Otherwise, the claim would fail to satisfy other requirements of 35 U.S.C. § 112. *See Argument infra.*

Holding the patentee to its statements in prosecution also satisfies a basic tenet of equity: the patentee may not reclaim in an infringement action, through claim interpretation, what it had surrendered in the Patent Office in order to secure the patent in the first place. *Festo VIII*, 535 U.S. at 734 (citing with approval, *Wang Laboratories, Inc. v. Mitsubishi Electronics America, Inc.*, 103 F.3d 1571, 1577-78 (Fed. Cir. 1997)). As the Supreme Court went on to say there, "[w]ere it otherwise, the inventor might avoid the gatekeeping role [of the Patent Office] and seek to recapture in an infringement action the very subject matter surrendered as a condition of receiving the patent." *Festo VIII*, 535 U.S. at 734. In addition to the intrinsic evidence, courts are free, indeed encouraged, to consult dictionaries and other such treatises to determine the proper definitions. As the Federal Circuit has held:

It has been long recognized in our precedent and in the precedent of our predecessor court, the Court of Customs and Patent Appeals, that dictionaries, encyclopedias and treatises are particularly useful resources to assist the court in determining the ordinary and customary meanings of claim terms. *See Teleflex, Inc. v. Ficosa N. Am. Corp.*, 299 F.3d 1313, 1325, 63 USPQ2d 1374, 1380 (Fed. Cir. 2002) ("The ordinary meaning of a claim term may be determined by reviewing a variety of resources, including . . . dictionaries and treatises . . . ." (internal citations omitted); *CCS Fitness*, 288 F.3d at 1366, 62 USPQ2d at 1662



("[O]ur precedents show that dictionary definitions may establish a claim term's ordinary meaning."); *Optical Disc Corp. v. Del Mar Avionics*, 208 F.3d 1324, 1334-35, 54 USPQ2d 1289, 1295 (Fed. Cir. 2000) ("For such ordinary meaning, we turn to the dictionary definition of the term."); *Quantum Corp. v. Rodime, PLC*, 65 F.3d 1577, 1581, 36 USPQ2d 1162, 1166 (Fed. Cir. 1995) ("[W]e see no error in the district court's use of dictionary definitions to ascertain the ordinary meaning of the relevant claim limitation."); *In re Ripper*, 36 C.C.P.A. 743, 171 F.2d 297, 299, 90 USPQ 96, 98 (1948) ("[I]t is clear that in ascertaining the meaning of [the claim term] as it appears herein, reference properly may be made to the ordinary dictionaries.").

Dictionaries are always available to the court to aid in the task of determining meanings that would have been attributed by those of skill in the relevant art to any disputed terms used by the inventor in the claims. See *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1584 n. 6, 39 USPQ2d 1573, 1578 n. 6 (Fed. Cir. 1996) ("[T]echnical treatises and dictionaries . . . are worthy of special note. Judges are free to consult such resources at any time . . . and may also rely on dictionary definitions when construing claim terms . . ."); *Cybor Corp.*, 138 F.3d at 1459, 46 USPQ2d at 1177 (citing *Vitronics* for the proposition that a court is free to consult dictionaries, encyclopedias, and treatises at any time to help determine the meaning of claim terms); *Vanguard Prods. Corp. v. Parker Hannifin Corp.*, 234 F.3d 1370, 1372, 57 USPQ2d 1087, 1089 (Fed. Cir. 2000) ("A dictionary is not prohibited extrinsic evidence, and is an available resource of claim construction.")

*Texas Digital Systems, Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1202. (Fed. Cir. 2002).

Against the backdrop of these principles, Intell-A-Check now demonstrates why its proposed definitions satisfy these standards and should be adopted.

## **II. APPLICATION OF PROPER CLAIM CONSTRUCTION PRINCIPLES REQUIRES ADOPTION OF INTELL-A-CHECK'S DEFINITIONS**

### **A. Input Means**

"Input means" as found in the claims of the Asserted Patents represents a means-plus-function element, thereby requiring the application of principles respecting § 112¶6 in order to construe the term properly. As previously noted, the first requirement is to identify the function performed; the second, to identify the corresponding structure in the specification that carries out that function.

The '249 Patent recites the function of "input means" as "performing an electronic information input process."

The '315 Patent recites the function of "input means" as "performing an electronic information input process."

The '698 Patent recites the function of input means as "supplying input data."

Finally, the '677 Patent recites the function of "input means" as "performing a manual input process wherein a system operator enters information specifying a new payer previously unknown to the apparatus and a draft to be generated."

Traditional principles of construing means-plus-function claims require the identification of just what structure is disclosed in the specification that is "clearly linked" to each of these recited functions. *B. Braun Medical v. Abbott Laboratories, supra*, at page 1424. In the case of all the Asserted Patents, the structure "clearly linked" to the *each* of these functions assigned to the input means is a piece of hardware, namely a keyboard.

The language of the '677 specification is representative: "This transaction is preferably *input* using the keyboard . . . ." ('677 Patent, Column 8, lines 22-34), *See also* ('698 patent, Column 8, lines 38-51); ('249 Patent, Column 8, lines 13-25); ('315 Patent, Column 8, lines 17-29); ('677 Patent, Column 8, lines 22-34). No other structure is identified. Thus, the *only* appropriate construction for input means, consistently with a proper application of §112¶6 is piece of hardware: a keyboard, or its structural equivalent.

Autoscribe asks this Court to specify by name *other* structures, not identified or disclosed in the specification, as "structural equivalents." That is an invitation to error. Literal infringement of a claim element expressed in means-plus-function terms requires proof of the presence of the corresponding structure of its structural equivalent in the accused device.

*Odetics, Inc. v. Storage Technology Corp.*, 185 F.3d 1259 (Fed.Cir. 1999). This is hardly a remarkable proposition. Whether an accused device infringes a § 112, ¶ 6 claim as an equivalent is a question of fact. See *C.R. Bard, Inc. v. M3 Sys., Inc.*, 157 F.3d 1340, 1363, 48 U.S.P.Q.2d 1225, 1241 (Fed. Cir. 1998) (“The determination of infringement under section 112 paragraph 6 is a factual question.”), cert. denied, 119 S.Ct. 1804 (1999); *In re Hayes Microcomputer Prods., Inc. Patent Litig.*, 982 F.2d 1527, 1541, 25 U.S.P.Q.2d 1241, 1251 (Fed. Cir. 1992) (“The determination of literal infringement [of a § 112, ¶ 6 claim] is a question of fact.”); *Intel Corp. v. United States Int’l Trade Comm’n*, 946 F.2d 821, 20 U.S.P.Q.2d 1161, 1178 (Fed. Cir. 1991) (same); *Hartness Int’l Inc. v. Simplimatic Eng’g Co.*, 819 F.2d 1100, 1110, 2 U.S.P.Q.2d 1826, 1833 (Fed. Cir. 1987)(“Whether that accused device is a § 112 equivalent of the described embodiment is a question of fact.” (citation omitted)); *King Instrument Corp. v. Otari Corp.*, 767 F.2d 853, 862, 226 U.S.P.Q. 402, 408 (Fed. Cir. 1985)(same).

The Court’s function in interpreting a means-plus-function claim element is to accordingly identify the corresponding structure disclosed in the specification, and no more, See *Nomos, supra*. For the Court specifically to define possible, equivalent structures to the disclosed corresponding structure of the keyboard, which is explicitly and clearly linked in the specification of the Asserted Patents to the recited function, would invade the province of the jury’s fact finding function. As the Federal Circuit has explained, a jury’s determination that a structure is “structurally equivalent” to the identified “corresponding structure” disclosed in the specification is one of fact, for which the appellate standard is the substantiality of the evidence supporting the finding; it is not a determination of law. See *Al-Site Corporation v. VSI International, Inc.* 174 F.3d 1308, 1315-17 (Fed. Cir. 1999)(explaining that a jury’s “determination that adhesive is structurally equivalent to the mechanical fasteners disclosed in

the specification” respecting a means-plus-function claim is subject to substantial evidence rule on appeal, the standard for review of facts, not plenary, de novo review as for question of law). The jury instruction approved in *Al-Site* identified the disclosed corresponding structure and told the jury that infringement could be found if the jury concluded that the corresponding structure or its “structural equivalents” could be found on the evidence. This question of infringement is indisputedly one of fact. *Odetics, supra* (collecting cases).

This Court’s obligation to construe means-plus-functions claims as a matter of law is thus fully discharged by identifying the structure disclosed in the specifications of the Asserted Patents that is clearly linked to the recited function and defining *that structure only*. The Court must leave to resolution of the trial evidence by the finder of fact, to determine what, if anything is structurally equivalent under §112¶6 to the corresponding structure of the keyboard to determine whether it is present in the Intell-A-Check system. *See, e.g., Nomos, supra*. Autoscribe’s right to claim structural equivalents under § 112¶6, implicates a fact-finding function, i.e., what is equivalent to the explicitly identified structure that is clearly linked the function, must be expressed by the Court only as Intell-A-Check has proposed: the identification of the precise hardware structure so linked, the keyboard, *and structural equivalents*. Any further definition of what those structural equivalents might be would compromise the function of the fact-finder and would violate Intell-A-Check’s Seventh Amendment rights.

**B. Output Means**

“Output means” also implicates § 112¶6, once more requiring the identification of the function recited to be performed by these means and then defining the structure disclosed in the specification that is clearly linked to performing that recited function. There are two separate functions identified in the asserted patents for “output means.”

First, output means in the '249 Patent is assigned the function of "transferring said draft formats to an external printing means connectable to said processing means for generating a copy of said draft." In the '677 Patent, the function for output means is recited to be "for transferring said draft formats to an external printing means." In Claim 7 of the '315 Patent, the output means is assigned the function of "transferring said draft format to an external magnetic printing means."

Second, the '315 Patent, in Claim 1, assigns output means, "connected to said input means" the function of "receiving said information specifying a draft and generating a paper copy of said draft." In the '698 Patent, the term output means is not used, substituting "printing means for printing said draft in said format."

In the '677 and '249 Patents, and in Claim 7 of the '315 Patent, the recited function of the "output means" is to transfer to an external printer, the only structure identified in the specification to perform that function is the printer *port* of the computer. ('677 Patent, Column 6, lines 44-52, Column 8, line 11); ('249 Patent, Column 8, line 2, Column 6, lines 35-43). Indeed, the printer port is the *only* structure "linked," if at all (and that only tenuously), to a function of "transferring data" to an external printing means. Accordingly, § 112 ¶ 6 limits the corresponding structure of the output means that transfer data to the printer port, or its structural equivalents.

In Claim 1 of the '315 patent, the recited function of the output means claimed is performed by a printer, *see* Column 8, lines 17-29. This fact is made clearer still by the fact that in Claim 2 of the '315 Patent "... said *output means* is a *laser printer using an MICR toner cartridge*." ('315 Patent, Column 17, lines 19-20). (Emphasis supplied). This claim, dependent on Claim 1 of the '315 Patent, specifically identifies the "output means" as a laser printer. This

specific reference reinforces the conclusion that “output means” for Claim 1 of the ‘315 Patent is a printer. Similarly, in the ‘698 Patent, Claim 2, which is dependent on Claim 1 of that patent, specifies that the printing means “is a laser printer using an MICR toner cartridge.” For these two patents, the output and printing means for these claims must be defined as a piece of hardware: a printer, or its structural equivalent.

Autoscribe’s suggestion that the “output means” of the Asserted Patents is a “cable” is utterly unsupported in any specification of the Asserted Patents. Nothing in those Patent links, clearly or otherwise, any functions assigned to output means to a cable. A “cable” can accordingly *not* be the corresponding structure. *B. Braun supra*. Autoscribe’s suggestion is made more ludicrous by the fact that at least two dependent claims specifically identify *laser printers* as specific forms of output means. Were Autoscribe’s suggestion for the definition of “output means” adopted, for example, in Claim 2 of the ‘315 Patent, by substituting Autoscribe’s definitions that claim would read: “wherein said cable [output means] is a laser printer.” The absurdity of this outcome is the direct result of the error of Autoscribe’s suggested definition.

Intell-A-Check’s definition should accordingly be adopted and Autoscribe’s rejected.

### C. Processing Means

The processing means of the ‘677 patent has the function of “receiving said input information . . .” Similar language is found in the other patents for the function of “processing means.” Once again, § 112 ¶ 6 is implicated. There is a clear link in the specification of each of the patents to the structure of a computer. (‘677 Patent, Column 6, lines 40-44, Column 7, line 57 to Column 8, line 2, Column 12, line 53 to Column 13, line 3); (‘315 Patent, Column 6, lines 35-39, Column 7, lines 52-64, Column 12, lines 33-51); (‘249 Patent, Column 6, lines 31-35, Column 7, lines 48-60, Column 12, lines 27-45).

All these references identify the structure to carry out the recited functions to be the hardware of a computer. Intell-A-Check's definition of processing means to be "computer hardware running the required software," or its structural equivalent, is consequently the appropriate one. This definition adopts the language of the Asserted Patent's specification identifies the corresponding structure that is clearly linked to the recited function of "receiving said input information . . . ."

**D. Payor (Or Payer), "New Payer" Or "Payer Not Previously Known To The Apparatus Or System, 'New Payer' And Who Has Not Previously Authorized Payment,"**

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Many of the claims of the Asserted Patents variously employ the term "new payor, " or "payor (payer) previously unknown to the system (or apparatus) or a "payor, who has not previously authorized payment." The slight linguistic variations between and among these formulations does not alter their basic meaning. As Intell-A-Check has urged, the patented system of the Asserted Patents requires a payor that has not previously had its data entered. Use of the common, ordinary meanings of these terms in harmony with the prosecution history of these patents compels the conclusion that a "payor" is an individual, such as a debtor, who owes money and is contacted by a collection agent over the telephone.

To the extent that the term "payer" or "payor" is modified by the word "new," that term should also have its ordinary and accustomed meaning as being original or someone that has not previously been encountered. See Column 7, lines 35 to 39 of the '315 Patent; *American Heritage Dictionary* at 1217. Thus, "new payor" should be construed as covering an individual that has not been previously encountered.

Likewise, the "new payer" or the "payer previously unknown to the system" must be construed, consistently with the prosecution history, to be a payor not part of the payee's database or whose account information is not used, encoded or hand coded as part of the setup of

the system. A "new" payer or one "previously unknown to the system or the apparatus" is one in which his or her account information is not known to the system or does not appear in the system's database where and when the software is used. Intell-A-Check's proposed definition of this term takes account of all these concepts by defining the term in language as Pollin used during prosecution discussing this concept.

The prosecution history makes clear that the new payor, a payor previously unknown to the system or apparatus means that the new payor has had *no* prior relation to the system, the apparatus or the payee. Pollin told the Examiner during prosecution of the '249 patent that his system was designed to be used for orders over the telephone in which persons who were, as Pollin himself described it, "strangers, that is, [who] do *not* have an existing account and credit relationship with the operator of the collection system." *See* Second Preliminary Amendment of the '249 Patent, September 27, 1996, p. 37. Read together with the common, ordinary meaning of these terms, a payor "not previously known to the system or apparatus" must be, as Pollin himself described it to the Examiner of the '249 Patent, a "stranger" to the system, "who does not have an existing account *and* credit relationship with the generator of the collection system." (Emphasis supplied).

Intell-A-Check's definition does no more than accept the explanations that Pollin made to the Examiner and incorporate them virtually verbatim into the meaning of the terms. There is no more accurate way to describe this. Put another way, Intell-A-Check proposes a definition comprised of identical language to that Pollin submitted to the Examiner in order to gain allowance of his patent.

Nothing could be fairer.



Intell-A-Check's definition should accordingly be adopted by the Court. However formulated in exact language by the Asserted Patents, a new payor or "payor not previously known to the system or apparatus" should mean: "A person who is a stranger, that is, who does not have an existing account and a credit relationship with the operator of a collection system, so that the system operator must manually enter information identifying such a payor into the system." (Second Preliminary Amendment, September 27, 1996, at p. 37).

**E. Claim 10 of the '315 Patent**

One of the limitations of Claim 10 recites that the system automatically generates "an electronic record." The precise claim language is for "an automated process of making payments from a payer having a financial account at a financial institution to a payee based on authorization in a telephone conversation between the payer and a system operator representing the payee...comprising the steps of...[omitting limitations not immediately relevant here]

processing said electronic record and transmitting information to a central clearing system for processing to cause a transfer of funds from said payer account to the payee

The specification of the '315 patent itself does not define what is meant by "electronic record" or otherwise support the concept of "electronic record." As a result, the Examiner originally rejected this Claim on the basis of "double patenting" and a lack of specification support.<sup>2</sup> Lack of specification support is an enablement rejection under § 112.

After additional prosecution, the Examiner ultimately allowed this claim but only after finding enabling support from the specification of the parent '677 application and the fact that the applicant had filed a terminal disclaimer. To do so, the Examiner expressly relied on Column 7, lines 34-41 of the '677 Patent (the parent application to the '315 Patent) to provide the

necessary support for the claim as required by §112. The specification language upon which the Examiner relied for support limits the structure and step that is required to satisfy this limitation of Claim 10 of the '315 Patent to the printing of a paper draft:

*"The next check number in debtor's check sequence is obtained and the debtor is instructed to destroy the existing check bearing that number. After processing by the check clearing house system, the draft generated will appear in the debtor's bank account statements as a numbered check and the paid draft will be returned to debtor with his or her other checks depending on the policy of the debtor's financial institution."*

(Column 7, lines 34-41, '677 Patent.) (Emphasis supplied.)

This reference unmistakably and unambiguously requires the "generation," i.e., the printing of a paper draft in order to enable this claim. How else could the "paid draft . . . be returned to the debtor with . . . other checks?" The generated "draft" must necessarily always be printed. Thus, in order to come within the reach of Claim 10, the method claimed must "generate," i.e., print a "numbered check" draft that "will be returned to [the payer] with...other checks."<sup>3</sup> (Emphasis supplied).

The importance of prosecution history to the interpretation of patent claims has long been known, but in *Festo IX*, the Federal Circuit made crystal clear that prosecution history influences the interpretation of claims, whether by voluntary amendment or acquiescence to rejections or modifications made in language. That case cements the conclusion that prosecution history limits the scope of claims and provides powerful evidence of a claim term's meaning. *Festo IX*, at \*\*3-4.

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<sup>2</sup> The '315 Patent resulted from a divisional application of the '677 Patent. The "double patenting" rejection reflects this reality. "Double patenting" is overcome, in part, as Autoscribe did here, by filing a terminal disclaimer, thereby limiting the life of the patent to the term of the earlier, '677 Patent.

<sup>3</sup> We demonstrate within how §112¶1 requires that a paper draft be generated because the specification does not support a 'paperless,' all electronic transaction. Adopting any construction that omits that requirement would render the claim invalid as non-enabling under §112¶1. See, *National Recovery Technologies, Inc. v. Magnetic Separation Systems, Inc.*, 116 F.3d 1190, 1196 (Fed. Cir. 1999).

In the '315 Patent, the Examiner rejected what became Claim 10 on several occasions. The Examiner acceded to Autoscribe's arguments to allow Claim 10 only after the applicant had filed a terminal disclaimer and after the Examiner determined the claim to be "enabled" by the language of Column 7, lines 34-41 of the '677 Patent. The specification language found in Column 7, lines 34-41 supports this claim only to the extent a paper draft is invariably printed during the process. No other specification reference "enables" this process. As a matter of prosecution history estoppel, therefore, the limitation requiring the generation of a paper draft is superimposed on this language as a matter of law.<sup>4</sup> The public has a right to rely on this prosecution history to interpret the claim. The Court should enforce this interpretation.

Autoscribe could have continued the prosecution of the patent to resist the Examiner's proffer of enabling support from Column 7, lines 34-41 of the '677 Patent, or to argue for another interpretation. It chose not to do so. By acquiescing to the Examiner's construction of the claim, Autoscribe told the Examiner---and, more importantly, told anyone who read the prosecution history---that in order to enable Claim 10, the claimed method must generate a paper draft, which draft may be returned to the payer with the payer's *other* (the specification's word) checks, also paper drafts. There is simply no escaping this prosecution history or its consequence in order to support this limitation of Claim 10: the patented method must invariably generate, i.e., print a paper check. If the method does *not* print a paper check invariably, the claim is not enabled, thereby falling afoul of §112, because there is no support for

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<sup>4</sup> Autoscribe in its earlier *Markman* Brief cites to Column 12, lines 10-14 of the '315 Patent as putative enabling support for this limitation. See page 29 of Brief in Support of Defendant's Proposed Claim Construction. This is pure error. Autoscribe miscites the Prosecution History to make its argument endeavoring to expand the reach of Claim 10 beyond the limits placed on it by the Examiner. Autoscribe's cited reference has to do with *verification* of funds availability, not the *transmission* of the payment itself. In any event, verification of funds availability is immaterial to what the Examiner referred to in relying on this part of the specification for support of this step of the claim. Autoscribe is bound to the Examiner's statement; it is not free to cast the Examiner's observations aside. They give meaning to the actual words of the claim.

a "paperless" transaction in the specification. Only by generating a paper check in the process is this limitation satisfied in order to be fully supported by §112.

The Supreme Court has made manifest that the prosecution history serves a very valuable purpose of putting the public on notice of what the patent claims and, importantly, what it does not. *See Festo VIII*, 535 U.S. at 730-31. ("The [patent] monopoly is a property right; and like any property right, its boundaries should be clear....A patent holder should know what he owns, and the public should know what he does not."). By alerting the public as to the metes and bounds of the patent's claimed method, the public knows what to avoid in order not to infringe, and, in furtherance of the patent laws' constitutionally grounded purpose to promote the useful arts, the public knows what may be open for further innovative creation. Here, Autoscribe claims a method generating a paper draft, and a paperless transaction is thus open for innovative competitors. A paperless transaction does not and cannot come within Claim 10 of the '315 Patent.

Holding Autoscribe to the limited meaning that emerged from the prosecution history is thus important to guarantee the integrity of the patent examination process. As the Federal Circuit has noted,

"[A] patentee cannot narrowly claim an invention to avoid prosecution scrutiny by the PTO, and then, after patent issuance, use the doctrine of equivalents to establish infringement because the specification discloses equivalents. 'Such a result would merely encourage a patent applicant to present a broad disclosure in the specification of the application and file narrow claims, avoiding examination of broader claims that the applicant could have filed consistent with the specification.' *Maxwell [v. J. Baker, Inc.]*, 86 F.3d [1098] at 1107 [(Fed.Cir. 1996)] (citing *Genentech, Inc. v. Wellcome Found. Ltd.*, 29 F.3d 1555, 1564, 31 USPQ2d 1161, 1167 (Fed. Cir. 1994))."

*Johnson & Johnston Associates, Inc. v. R.E. Service Co., Inc.*, 285 F.3d 1046, 1054-55 (Fed. Cir. 2002). The process of patent examination and subsequent enforcement of issued patents is not a game where applicants can set traps for the unwary. Autoscribe therefore cannot have it both

ways: first accepting a limited definition for a claim during examination in order to gain its allowance, only thereafter to exaggerate the claim's reach by defining it more broadly in infringement litigation *after* allowance to support its infringement theories. *Festo IX* makes abundantly clear that such gamesmanship is out of bounds in a rational patent system.

What Judge Plager wrote in *Exxon Chemical Patents, Inc. v. Lubrizol Corporation*, 64 F.3d 1553, 1557 (Fed. Cir. 1995), cautions against expanding the reach of a claim from the limits of its prosecution history:

"The language through which claims are expressed is not a nose of wax to be pushed and shoved into a form that pleases and that produces a particular result a court may desire. The public generally, and in particular, the patentee's competitors, are entitled to clear and specific notice of what the inventor claims as his invention.... There is no room in patent claim interpretation for the equivalent of the *cy pres* doctrine; that would leave the claiming process too indefinite to serve the purposes which lie at the heart of the patent system."

*Id.* at 1563 (Plager, J., concurring).

Autoscribe is apparently attempting to do precisely this in the *Markman* context: to recapture through claim definition what was lost in prosecution. Autoscribe's illegitimate effort to expand the appropriate reach of its patent should thus be rejected. See *Johnson & Johnston, supra*.

*Medical Instrumentation and Diagnostics Corporation v. Elekta AB*, 344 F.3d 1205 (Fed. Cir. 2003), cinches this conclusion. There, the Federal Circuit held with compelling clarity that a patentee must "clearly link"—the Court's own phrase—a disclosed structure to the function claimed in a "means plus function" formulation in order to satisfy §112/6. *Medical Instrumentation* gives full meaning to a profound public policy of the patent law: to put the public on notice of "what is claimed and what is not." See *Festo VIII, supra*. As *Medical Instrumentation* observed, "The duty of a patentee to clearly link or associate structure with the claimed function is the *quid pro quo* for allowing the patentee to express the claim in terms of

illegitimately to recapture in the context of a litigation what was surrendered in prosecution to gain allowance.

Intell-A-Check's definition should be adopted.

**F. Magnetically Encoded Ink**

Certain of the claims of the Asserted Patents call for the use of "magnetically encoded ink" as one of the elements required to be present to prove infringement. Intell-A-Check has proposed a definition of "magnetically encoded ink" that represents a virtually verbatim recounting of the description of this type ink as is found in the specifications of the Asserted Patents. Intell-A-Check's proposed definition is: "magnetically charged ink which can read by a Magnetic Ink Character Recognition (MICR) equipment used by the banking system's automated check clearing centers." Here is what the patentee disclosed to the world concerning such ink in its specification as one of the elements of its system:

**"Printer 108 operates using a toner cartridge 110 installed in printer 108, and the toner cartridge is of a type which prints with magnetically charged ink which can be read by Magnetic Ink Character Recognition equipment used the banking system's automated check clearing centers."**

(Specification of the '677 Patent, lines 47-52)(emphasis added.) Although the specification never uses the phrase "magnetically encoded ink," this cited reference represents the *only* specification support for ink having magnetic properties. Intell-A-Check's definition of magnetically encoded ink accordingly represents no more than the adoption of what the patentee represented to the world in its patent as what Autoscribe meant by "magnetically encoded ink" in its claims. The Court should also adopt this definition.

**G. Draft**

The definition that Intell-A-Check proposes for draft, "a paper document payable to the payee and drawn on the payor's checking account pursuant to the payor's authorization" is, once

again, a virtually verbatim rendition of the definition of "draft" that the patentee included in the specification of the '677 Patent at Column 6, lines 8-39.<sup>5</sup> For example, at line 12 through line 14, the specification provides that "a draft is then executed by the payee's collector as authorized signatory for the payor, and deposited in the payee's account." The only "execution" that could be possible is of a "paper" draft, a tangible document. Indeed, throughout the specification of the '677 Patent and those in its family of the asserted Patents, there is *no* specification support for a transaction which is paperless, i.e., does not print a paper check. This was one of the bases for the Examiner's initial rejection of Claim 10 of the '315 Patent, as we argue above.

The term "draft," accordingly, must *always* refer to a paper document. Similarly, whenever found in the Patents, the phrase "generating a draft" must mean the physical printing of a paper check or draft in order to be consistent with the use of the term throughout the Patent. For the Court to interpret draft as meaning anything *other* than a paper document threatens the validity of the Patents because nothing in the specification of the asserted Patents supports a transaction that is paperless. The Federal Circuit has taught repeatedly that claims should be interpreted to preserve their validity, if possible. *See, e.g., Rhine v. Casio, Inc.*, 183 F.3d 1342, 1345 (Fed. Cir. 1999) (collecting authority). Lack of specification support in turn represents a lack of an enablement, which renders claims invalid under § 112. By interpreting the word "draft" to mean a paper draft, the problem of no specification support for a paperless transaction is overcome, as it was in Claim 10 of the '315 Patent by recognizing the need for a printed check.

Autoscribe also suggests that the draft could be printed at the time of data entry, or later, *or not at all*. Autoscribe misleads the Court in making this argument, for it exaggerates what the

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<sup>5</sup> In its Supplemental Memorandum, Intell-A-Check noted that the terms "draft" and "check" mean the same thing for purposes of these patents.

specifications teach. It is hornbook law that §112 requires that “the specification must teach those of skill in the art ‘how to make and how to use the invention as broadly as it is claimed.’” *National Recovery Technologies, Inc. v. Magnetic Separation Systems, Inc.*, 116 F.3d 1190, 1196 (Fed. Cir. 1999). The scope of the *claims*, however, must be *less than or equal* to the scope of the enablement. *Id.* The specifications of the Asserted Patents nowhere disclose a paperless transaction, i.e., one that does *not* include the printing of a paper check or draft. In order for the scope of the claims of the Asserted Patents to be “less than or equal to the scope of the enablement,” as the Federal Circuit requires, a proper construction of the claims must include a limitation for the word “draft” that specifies a paper draft. Any construction or interpretation of a claim term or element that *omits* the necessity of printing a paper check or draft in connection with the patented system would render such a claim invalid under §112. *See Northern Telecom, Inc. v. Datapoint Corp.*, 908 F.2d 931, 941 (Fed. Cir. 1990).

In order to preserve the validity of the claim under §112, this Court must consequently require the printing of an actual, tangible, paper draft in connection with the patented system. *See Rhine v. Casio, Inc.*, 183 F.3d at 1345. Intell-A-Check’s definition of draft to be a paper draft satisfies this requirement, is consistent with the intrinsic evidence, and sustains the validity of the claims respecting the requirement of enablement under §112.

#### H. Contemporaneously

Claim 1 (among others) of the ‘315 Patent calls for “input means for performing an electronic information process wherein a system operator contemporaneously enters information sufficient to identify a new payor previously unknown to the system and information specifying a draft to be generated on an account of that payor. . . .” “Contemporaneously” in its ordinary meaning is a term that expresses a temporal limitation during which specified events occur. For



example, *The New Shorter Oxford Dictionary of the English Language*, at page 492, defines "contemporaneous" as: "existing or occurring at the same time (with)."

Reading the claim consistently with both the specification of the Asserted Patents and the relevant prosecution history, Intell-A-Check defines "contemporaneously" as used in the '315 Patent to define the time period that elapses "during a telephone call between the system operator and a payor." Intell-A-Check finds support for that definition in the specification of the '677 Patent, the parent application to all the asserted patents, and at Column 6, lines 14-19 (and corresponding cites in the specification of the other Asserted Patents, including the '315 Patent). That reference provides: "The automated system used to generate the drafts in the preferred embodiment has a simple input screen which receives the necessary information for generation of the draft, which in a typical scenario will be read to the system operator over the telephone by the payor who is authorizing the transfer." This passage thus defines the events that occur within a "contemporaneous" time period, namely, 1) data entry to identify a new payor, previously unknown to the system or apparatus, and 2) the entry of information specifying a draft to be generated on an account of that new payor. In order to give meaning to the term "contemporaneously," consistently with its common, ordinary usage, and as expressed in the intrinsic evidence respecting the '315 Patent, Intell-A-Check's definition should be adopted.

The prosecution history further supports this conclusion. In the Second Preliminary Amendment in the application that matured into the '315 Patent, the patentee, in arguing for patentability over the prior art reference of *Kight*, said the following:

**"The claims previously rejected on the basis of Kight et al. recite that the input means performs a manual input process. In this process, the operator specifies a new payer previously unknown to the apparatus AND a draft to be generated on an account of that payer, including institution and account identifiers and an amount to be drafted from the payer's account. These claims have been further amended to more clearly recite that the input means provides a mechanism**

whereby the system operator *contemporaneously* provides the information specifying a new payer unknown to the system and also specifying a particular draft to be generated, including financial institution, account, and amount information for the draft."

Second Preliminary Agreement at page 38 (*italicized emphasis in the original, bold emphasis supplied*).

The only rational conclusion to be drawn from Pollin's argument respecting the meaning of "contemporaneously" is that the actions of 1) data entry to specify a new payor, previously unknown to the system and 2) specifying a particular draft to be generated, occur "contemporaneously," that is, at the same time as and during the telephone call during which the new payor identifies itself and provides the information for generating a draft. No other interpretation accords with the plain language of the claim and the intrinsic evidence, including the relevant prosecution history. Intell-A-Check's definition of "contemporaneously" meets all these criteria and should be adopted.

### CONCLUSION

For the foregoing reasons, Intell-A-Check urges that all the foregoing definitions be adopted as part of the Court's construction of the claims of the Asserted Patents.

Respectfully submitted,

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By: \_\_\_\_\_  
**FREDERICK L. WHITMER**  
A Member of the Firm

May 20, 2004

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

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INTELL-A-CHECK CORPORATION,

Plaintiff,

v.

AUTOSCRIBE CORPORATION and  
POLLIN PATENT LICENSING, LLC,

Defendants.

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CIVIL ACTION NO. 01-4625 (WJM) (RJH)

Argument Date: June 28, 2004

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**DEFENDANTS' MEMORANDUM OF LAW IN OPPOSITION TO,  
AND IN SUPPORT OF THEIR MOTION TO PRECLUDE,  
PLAINTIFF'S CONSTRUCTION OF ADDITIONAL CLAIM  
TERMS OF THE PATENTS-IN-SUIT**

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Defendants Autoscribe Corporation and Pollin Patent Licensing, LLC ("Autoscribe" or "defendants") respectfully submit this memorandum of law in opposition to the memorandum of law submitted by plaintiff Intell-A-Check Corp. ("plaintiff" or "Intell-A-Check") to construe certain additional claim terms which, per Intell-A-Check, "have not previously been fully briefed as to their proper construction."<sup>1</sup> This memorandum of law is also submitted in support of defendants' motion to preclude plaintiff's submission of construction of additional claim terms some one year after the deadline for such submission. Finally, this memorandum of law also supplements the memoranda of law heretofore submitted (i) in support of defendants' proposed claim construction; (ii) in reply to plaintiff Intell-A-Check's proposed claim construction; and (iii) in reply to plaintiff Intell-A-Check's supplemental memorandum of law on claim construction.<sup>2</sup>

## I. PRELIMINARY STATEMENT

The court-ordered deadline for submitting briefs on claim construction was May 22, 2003. That deadline was set in an April 2, 2003 order requiring Intell-A-Check to comply with numerous discovery issues, and closing fact discovery on April 30, 2003. In its brief filed to meet the May 22, 2003 deadline, Intell-A-Check did not submit any arguments limiting the construction of claim 10 of U.S. Patent No. 6,014,315 (the '315 patent), nor of nine other terms it now seeks to dispute. Indeed, of the fourteen disputed terms presently before the court for claim construction, only three were initially briefed by Intell-A-Check. The other eleven terms were never raised, and issues of infringement related thereto were never raised and, as such, were not subjects of discovery.

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<sup>1</sup> See Intell-A-Check's memorandum ("IM") at 1.

<sup>2</sup> All terms used but not otherwise defined herein shall have the meaning ascribed to them in the previous memoranda.

In May 2003, defendants briefed the three terms originally at issue -- automated, system and/or apparatus, and coded imbedding -- and submitted a complete claim chart, including a proposed construction of each and every element of each relevant claim of each of the patents in suit. On a completely feigned and disingenuous basis, Intell-A-Check filed a supplemental brief on November 22, 2003, with regard to claim 10 of the '315 patent. Now, as part of the parties' submission of disputed claim terms for the *Markman* hearing, originally scheduled by Judge Hedges for June 18, 2003, Intell-A-Check adds nine new disputed terms, again reargues claim 10 of the '315 patent (two terms) and adds on new argument on "coded imbedding." In so doing, Intell-A-Check completely disregards this Court's April 2, 2003 order and the proceedings before this Court on April 1, 2004.

Intell-A-Check argues that defendants are not prejudiced since, as they are alleging infringement, defendants should be ready for any argument plaintiff brings at any time. However, via discovery, defendants sought Intell-A-Check's non-infringement arguments which focused discovery and defendants' proofs on the claim terms then in dispute. Now, fourteen months after discovery closed, defendants are severely prejudiced to learn of twelve new non-infringement arguments -- which is what the twelve new disputed claim terms are ultimately about.

By Intell-A-Check's own argument, when it brought this action (as *plaintiff*) two years ago, it must have had a basis to seek a declaratory judgment of non-infringement. Thus, when the court set deadlines for the close of fact discovery and for submitting claim construction briefs, the court and defendants should have expected that the basis for plaintiff's claims would have been set forth in its brief. Yet, only two of the now fourteen disputed claim terms were timely briefed.<sup>3</sup> And plaintiff argues that its addition of twelve new claim terms is not prejudicial because defendants allege infringement.

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<sup>3</sup> Three terms were timely briefed -- automated, system and/or apparatus and coded imbedding. In November 2003, Intell-A-Check "supplemented" to add claim 10 issues, which

Intell-A-Check attempts to deceive the court while ignoring the basic tenets of claim construction. Intell-A-Check puts its purported claim construction in quotation marks as if the construction is quoted from the claims, the patents or the file histories. It is not. Intell-A-Check also violates a basic principle of claim construction when it cherry picks unrelated items from the file history and mere embodiments from the patent specifications to concoct claim limitations. It is horn book law that limitations in the specification cannot be read into the claims.<sup>4</sup> Yet, plaintiff repeatedly asks the court to disregard the plain meaning of the claim, then read any limitation in the specification (directed, at best, to a particular embodiment) into the claim. Thus, a payor who has not previously authorized payment becomes a stranger; contemporaneously entering two types of information becomes entering information during a telephone call; magnetically encoded ink becomes magnetically charged ink; claim 10 of the '315 patent which has no printing step, and which the examiner specifically stated does not require printing, somehow requires printing of a check; the input or output means are limited to only one embodiment rather than all structures disclosed in the patent; a draft is no longer simply a negotiable instrument but is, by definition, a printed paper copy of a draft, etc. The laws of claim construction require claims be construed by their plain meaning and not by applying limitations in the specification or file history to the claim.<sup>5</sup>

Intell-A-Check also disregards the principle of claim differentiation, which requires that a court not construe different claims to have identical scope.<sup>6</sup> For example, Intell-A-Check argues that claim 10 of the '315 patent must include a limitation, not in the claim, that the draft be printed. Such construction, ignoring the plain language of the claim and violating the prohibition against reading limitations of the specification into the claim, also would make claim 10 no

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are now two claim term issues. In May 2004, Intell-A-Check added nine new terms to the issues and changed its argument on coded imbedding.

<sup>4</sup> See, e.g., *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 904 (Fed. Cir. 2004).

<sup>5</sup> *Id*; *Johnson Worldwide Assocs., Inc. v. Zebco Corp.*, 175 F.3d 985, 989 (Fed. Cir. 1999).

<sup>6</sup> See *Beachcombers, Int'l v. WildeWood Creative Prod., Inc.*, 31 F.3d 1154, 1162 (Fed. Cir. 1994).



different than claim of the '315 patent. Likewise, construing "draft" as a paper copy of a draft or "output means" necessarily as a printer, violates the principle of claim differentiation, rendering unnecessary and duplicative claims specifically directed to printing paper copies of the draft and to the output means being connected to a printer.

Also, Intell-A-Check's use of the file history is haphazard and dishonest. Any aspect of the file history which Intell-A-Check believes supports its position on infringement cited, regardless of whether that aspect even relates to the claim term in dispute. For example, a portion of a petition to make special is cited to justify Intell-A-Check's new limitation for "coded imbedding". Yet, that petition was dated in 1993 and relates to a dependent claim which was cancelled and which was dependent upon an independent claim which was amended. The amended claim and the precise disputed term -- coded imbedding -- was expressly construed by the examiner four years later. Intell-A-Check's selective use of the file history to disregard the plain language of the terms "contemporaneously," "payor not previously known to the system" and/or "payor who has not previously authorized payments" is similarly not proper.

This Court should not disregard the examiner's construction of a disputed claim term. Where the examiner went out of his way to set forth the claim construction, that construction must be presumed to be correct.<sup>7</sup> Likewise, under the presumption of administrative correctness, where the examiner takes pains in a Notice of Allowance to explain that claim 10 of the '315 patent does not require printing, the examiner is presumed to be correct.<sup>8</sup> And, where the examiner found that certain language of the specification of the '677 patent not only enabled claim 10 of the '315 patent but actually rendered that claim language obvious such that a terminal disclosure was required to overcome a double patenting rejection, this Court must presume that the examiner was correct.<sup>9</sup> Claim 10 does not require printing because the

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<sup>7</sup> See *Applied Materials, Inc. v. Advanced Semiconductor Materials of America, Inc.*, 98 F.3d 1563, 1569 (Fed. Cir. 1996); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1139 (Fed. Cir. 1985).

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

examiner expressly states as much. Similarly, coded imbedding should be interpreted precisely as the examiner stated it should be construed, and not in accordance with mere argument from a petition to make special, on a cancelled claim, four years before the examiner construed the claim term.

Intell-A-Check also violates the rules for construing means plus function claims under 35 U.S.C. §112, ¶6, which are to be construed to cover the structure disclosed in the patent for performing the particular function and its equivalents. Where more than one structure is disclosed, the means plus function element covers each structure and their equivalents.<sup>10</sup> Here, plaintiff improperly seeks to limit the construction of input and output means to the structure of one disclosed embodiment, disregarding all other disclosed structures. The court should not ignore the relevant structures in a patent and limit a §112 ¶ 6 claim element to one structure disclosed in the patent and its equivalents. All disclosed structures and their equivalents must be considered.

Similarly, a specification may set forth numerous steps, and the claims can be directed to more than one combination of those steps, or even to a portion of the disclosed steps, if that portion has utility and is patentable.<sup>11</sup> Here, even if one were erroneously to argue that the patent only discloses a system or process wherein, as the last step, a paper copy of the draft must be printed, the claims need not be limited by that last step. The claimed system and method were patentable regardless of whether the draft was printed -- the examiner so noted in his Notice of Allowance of claim 10 of the '315 patent. Plaintiff's desire to avoid infringement notwithstanding, the court cannot disregard the law of claim construction with respect to claiming less than all steps in a process.

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<sup>10</sup> See *Serrano v. Telular Corp.*, 111 F.3d 1578, 1583 (Fed. Cir. 1997).

<sup>11</sup> See *Smith & Nephew, Inc. v. Ethicon, Inc.*, 276 F.3d 1304, 1311 (Fed. Cir. 2001).

## II. SUMMARY OF DEFENDANTS' PROPOSED CONSTRUCTION

Defendants' proposed claim construction is summarized in the chart of disputed claim terms submitted to the court on May 14, 2004. For ease of reference, defendants' proposed construction is attached as Exhibit A hereto.

## III. INTELL-A-CHECK'S IMPROPER MEMORANDUM ON NEW DISPUTED TERMS SHOULD BE STRICKEN

Intell-A-Check's memorandum should be disregarded entirely. Intell-A-Check's May 22, 2003 claim construction memorandum, submitted per this Court's April 2, 2003 order, identified three (3) claim terms as disputed.<sup>12</sup> Its improperly filed supplemental memorandum, dated November 21, 2003, identified, at most, two (2) additional disputed terms.<sup>13</sup> As late as the April 1, 2004 hearing before this Court, counsel for Intell-A-Check did not dispute the repeated reference by counsel for Autoscribe to the "maybe four or five terms which are at issue where we dispute what those terms mean," "just those four or five terms which permeate every single claim," "the five disputed terms" and "four terms that are really in dispute."<sup>14</sup> Intell-A-Check's counsel specifically did not dispute the statement by counsel for Autoscribe that "we don't disagree on what a payee and what a payor is."<sup>15</sup>

<sup>12</sup> This Court's April 2, 2003 order set May 22, 2003 as the date by which the parties were to "simultaneously file and serve their respective briefs on claim construction." That date was specifically set immediately after discovery closed. Autoscribe filed its claim construction memorandum on May 22, 2003.

<sup>13</sup> Apparently viewing a change of counsel as an opportunity to assert an entirely new position on claim construction, Intell-A-Check's November 21, 2003 supplemental memorandum argued for adoption of its construction of one term of claim 10 of U.S. Patent No. 6,014,315 ("the '315 patent") not addressed in its May 2003 brief. Intell-A-Check attempted to justify its improperly filed memorandum by claiming that the memorandum addressed a significant issue of claim construction that had been "determinatively affected by recent case law developments." Autoscribe's supplemental memorandum in reply clearly established that the alleged "determinatively affect[ing]" case law developments were, in fact, irrelevant or not substantive legal changes, at all.

<sup>14</sup> See Transcript of April 1, 2004 hearing, at pp. 8, 9, 11, 13, respectively.

<sup>15</sup> *Id.* at 12.

Now, one (1) year after its original claim construction memorandum, a full six (6) months after filing its improper November 2003 supplemental memorandum, and seven (7) weeks after the April 1, 2004 hearing before this Court, Intell-A-Check argues that this Court should adopt its construction of ten (10) additional allegedly disputed claim terms, including a new disputed term in claim 10, and a new construction for an originally disputed term,<sup>16</sup> without offering the slightest justification for not addressing these terms and proffering these constructions either in its May 2003 memorandum, or even in its improper November 2003 supplemental memorandum. Instead, Intell-A-Check blithely and brazenly proffers constructions for eleven (11) additional allegedly disputed claim terms, and a new construction for an originally disputed term, arguing that Autoscribe, as patentee, must already have construed every claim term, and had previously advanced definitions for each of the disputed terms in its expert report.<sup>17</sup> Indeed, only the proposed construction of the terms “automated” and “system and/or apparatus” were timely briefed by Intell-A-Check on May 22, 2003. Intell-A-Check should not be permitted to twice disregard the express order of this Court and change its claim construction position, at this late date.<sup>18 19</sup>

Intell-A-Check’s argument that Autoscribe is not prejudiced by the new memorandum, as “Autoscribe can rely on [its claim term] definitions, just as Intell-A-Check has relied on them to

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<sup>16</sup> Intell-A-Check fully changed its position on construction of “security measures and coded imbedding,” without advising either Autoscribe or the Court thereof in its memorandum, or offering any justification therefor. Compare Intell-A-Check’s May 22, 2003 memorandum at pp. 19-20, with the Joint Claim Construction submitted May 14, 2004. Clearly, Intell-A-Check believes that it has no duty of candor to either Autoscribe or this Court.

<sup>17</sup> IM at 5-6.

<sup>18</sup> Intell-A-Check’s memorandum also violates Local Rule 7.2(d) of this Court, as follows: (i) the memorandum, in the 12-point proportional font Times New Roman, exceeds thirty (30) pages in length; and (ii) the footnotes are not in the same size font as the body text.

<sup>19</sup> This Court recently expressed its displeasure at Intell-A-Check’s behavior: “As you know well, this is the first time that it has been brought to the Court’s attention that nine (9) of the thirteen (13) claim terms in need of construction are newly disputed and have yet to be briefed. In light of this startling number of new claim terms, and the Court’s need to prepare adequately for the *Markman* hearing, the hearing is adjourned.” (May 17, 2004 letter from Hon. William J. Martini, U.S.D.J. to Frederick L. Whitmer, Esq. and David W. Denenberg, Esq.).

demonstrate that Intell-A-Check's definitions, not Autoscribe's, are the appropriate ones by which to construe the claims," ignores that, per the April 2, 2003 order, neither Intell-A-Check nor Autoscribe was supposed to rely on the other party's claim construction in fashioning its own.<sup>20</sup>

Autoscribe timely submitted complete claim charts including defendants' purposed construction of every terms of the claims of the patents-in-suit. Intell-A-Check did not, instead its brief merely disputed three claim terms -- "automated," "system" and/or "apparatus" and "coded imbedding". Intell-A-Check should not properly have had the advantage of being able to spend a year studying Autoscribe's claim construction (submitted May 22, 2003 in accordance with this Court's April 2, 2003 order), before submitting its own. Obviously, this is not what the April 2, 2003 order contemplated when it required that "[t]he parties [ ] simultaneously file and serve their respective briefs on claim construction no later than May 22 [2003]." Autoscribe clearly is prejudiced by Intell-A-Check's taking improper and unfair advantage here to tailor its claim construction specifically against that proffered by Autoscribe.

The prejudice is even more apparent. The April 2, 2003 order compelled various discovery from Intell-A-Check and closed discovery on April 30, 2003. Claim construction briefing was set immediately thereafter, as discovery should have covered each party's arguments relating to infringement, and the related positions on claim construction. At the time, defendants knew Intell-A-Check's non-infringement arguments related to "automated", "system" and/or "apparatus", and "coded imbedding". Now, Intell-A-Check has twelve new arguments (eleven new claim terms and one changed argument on coded imbedding) -- each of which relates to infringement -- and Autoscribe has no discovery thereon.

The prejudice to Autoscribe also stems from Intell-A-Check's more than doubling the number of disputed claim terms that will need to be addressed at the *Markman* hearing, requiring significant additional preparation and argument by Autoscribe in favor of its construction, not

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IM at 6.

necessary nor even anticipated as late as the April 1, 2004 hearing. The same is true to prove infringement at trial. As late as the April 1, 2004 hearing, both Autoscribe and this Court believed, based on the silence of Intell-A-Check's counsel in the face of repeated references by Autoscribe's counsel to only four or five disputed claim terms, that all remaining claim terms were undisputed.<sup>21</sup> For Intell-A-Check now to nearly triple the number of allegedly disputed claim terms, without any legitimate justification as to why it could not have argued these claim constructions either in May 2003 or November 2003, exhibits a wholesale disregard for its obligations to this Court, and utter contempt for Autoscribe and this Court.

Intell-A-Check's memorandum should be disregarded entirely, and this Court should adopt the construction of the new disputed claim terms previously proffered by Autoscribe.

#### **IV. CLAIM CONSTRUCTION**

Autoscribe below applies proper claim construction principles to the disputed terms. Two terms -- apparatus and automated -- were briefed and are not included here. Another two relate to claim 10, briefed in November 2003, but Intell-A-Check has briefed these terms again to add further argument. Therefore, Autoscribe addresses those below. Nine (9) terms are totally new. Finally, as Intell-A-Check has submitted a new construction for "coded imbedding", without setting forth any argument, defendants address that term as well.

##### **A. Coded Imbedding**

"Coded imbedding" was expressly construed by the examiner in a March 18, 1997 office action during the prosecution of the application issuing as the '249 patent. (See Ex. B, p. 5).<sup>22</sup> The examiner found "hard coding and coded imbedding are interpreted as synonymous." (*Id.*). "The payee is hard-coded into the program and cannot be readily changed even by an authorized

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<sup>21</sup> Three terms were briefed in May 2003 and claim 10, briefed in November 2003, added one or two terms.

<sup>22</sup> The file histories of the patents-in-suit are already part of the record and are exhibits to the parties' initial May 22, 2003 briefing. A copy of the cited office action is attached as an exhibit for case of reference.

user of the system.” (*Id.*). That is, the information is hard coded so that the coded information appearing on drafts cannot be readily modified by a person gaining unauthorized access to the software. Finally, the examiner, in stating hard coded is synonymous with coded imbedding, also stated that it is defined as “an adjective describing a routine or program that is designed for a specific situation or that uses *imbedded constants* in place of more general user input.” (*Id.*). (Emphasis in original), citing *Microsoft Press Computer Dictionary*.

Under the presumption of administrative correctness, the court presumes that the examiner’s precise construction of the term was correct and should be given its due consideration. See *Applied Materials, Inc. v. Advanced Semiconductor Materials of America, Inc.*, 98 F.3d 1563, 1569 (Fed. Cir. 1996); *Interconnect Planning Corp. v. Feil*, 774 F.2d 1132, 1139 (Fed. Cir. 1985). There is no reason to do otherwise here. When briefs were due, in May 2003, Intell-A-Check ignored the examiner’s express language and argued that the terms were not synonymous, but that coded imbedding required more than hard coding. Apparently realizing its own error, Intell-A-Check now attempts to sneak in a new interpretation, that cites a discussion in support of a May 14, 1993 petition to make special from the file history of the ‘677 patent. That petition, however, applies to a claim which was canceled and which depended upon an independent claim which was canceled. At the time, the claim was directed to drafts payable to “one payee” as opposed to “one of a fixed set of one or more payees.” Clearly, the cancellation and amendments negate any comments regarding claims which no longer exist. And the court need not look to the May 14, 1993 petition to make special, but can take the language of the examiner wherein he specifically construed the term “coded imbedding.”

#### **B. Input means**

Defendants adhere to the construction of input means proffered in their timely submitted brief. Plaintiff, unhappy that it did not dispute that construction, now would limit input means to only one structure disclosed in the patent and its equivalent. The implication for infringement would require further discovery -- but that deadline passed 13 months ago.

Under 35 U.S.C. §112, ¶ 6, a means plus function claim is construed to cover the corresponding structure, material or acts described in the specification and equivalents thereof. All relevant structures, materials or acts described in the specification and equivalents thereof are covered -- not just those structures which one party prefers. See *Serrano v. Telular Corp.*, 111 F.3d 1578, 1583 (Fed. Cir. 1997).

In the patents-in-suit, the input means performs the function of entering information specifying a new payor previously unknown to the apparatus and generating a draft on an account of the payor. ('677 patent, col. 8, ll. 20-26 and corresponding disclosure in the '249, '315 and '698 patents).<sup>23</sup> The input means is a data transfer means whereby data may be input into the processor and from which a draft may be generated. One such structure is a keyboard. (*Id.*).

However, it is clear to those skilled in the art that the system can also be implemented using a variety of hardware and the invention is not limited to the hardware disclosed in the preferred embodiment. ('677 patent, col. 6, ll. 63, 67). Other structures for the transfer of data are provided such as a telephone line. (See fig. 8, '677 patent, col. 14, ll. 13-48). As further examples, "the data transfer connection means between" the processor and the input and/or output means "could be any transfer system including a local area network, packet switching system, cellular telephone, radio transmission system, satellite transmission system, infrared transmission system, diskette or other mass storage transfer, or other method of transferring data from one location to another." ('677 patent, col. 14, ll. 44-55). This is more than simply a keyboard. The structures disclosed include a computer mouse, a telephone touchpad, a touch screen keyboard or a voice recognition system, a diskette, a file download, cellular and wireless devices, etc., each of which allows an operator to perform a manual input process by touching a keyboard/touch pad/touch screen/mouse or speaking into a voice recognition device or inserting a disk or accepting a file download.

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<sup>23</sup> All references to the specification of any of the patents-in-suit, have a corresponding disclosure in the other patents in suit.



### C. Output means

In the independent claims of each patent, the "output means" is "for transferring said draft formats to an external magnetic printing means connectible to said processing means for generating a paper copy of said draft...". (Claim 2, 22, 37, 39 of the '677 patent, claims 1, 7, 20, 28, 42 of the '249 patent, claim 7 and 13 of the '315 patent). In each case, the plain language shows that the output means is a connection between the processor and a printer and that connection provides the function of transferring information. That is, for each of the 11 claims, the output means cannot be a printer. To construe it as such, or to construe a "draft" as a printed copy of a draft, would negate the very language of the claims.

Plaintiff deceptively cites only the language of claim 1 of the '315 patent, which provides that the output means is "connected to said input means for receiving said information specified in the draft and generating a paper copy of said draft." Plaintiff's "proffered claim construction" would apply, at best, to claim 1 of the '315 patent. In each of the remaining claims using the term "output means," the plain meaning shows that the output means is a connection between the processor and the printer. As to claim 1 of the '315 patent, it is apparent that the output means need not be the printer. Dependent claim 2, cited by plaintiff, states that the output means is a laser printer using an MICR toner cartridge. If the output means were always a printer, claim 2 would be unnecessary. Plaintiff relies upon one claim to define a term that appears in 12 other claims in an entirely different context.

The "output means" is a connection that transfers the draft format to an external device, such as a fax machine or a printer connectible to the processing unit for generating an image or paper copy of the draft. ('677 patent, col. 6, ll. 44-53). One need not look any further than the plain language of the patent claims to show the output means is the connection and not the printer nor the printing means.

As to the structure disclosed, the output means is the same as the input means -- both are data transfer means, and several preferred structures are disclosed for transferring data to or from

the processor. ('677 patent, col. 14, ll. 44-55). These structures include a local area network, packet switching system, cellular telephone, wireless transmission systems, a diskette, file download, etc. (*Id.*).

Further structure disclosed in the patents (and ignored by plaintiff) includes a telephone line. The description of Figure 8 makes clear that the output means is not the printer but rather the connection from the computer processor to the printer:

computer 802 is connected to printer 108 with magnetic ink cartridge 110, which prints drafts in response to data received from computer 102 over telephone line 801.

('677 patent, col. 14, ll. 26-29).

In Fig. 1, the output means is a cable -- the computer processor is connected to the printer with what is obviously a cable. (*Id.*, col. 6, ll. 40-44). The printer can be replaced by a fax, again connected by a cable. (*Id.*, col. 7, ll. 6-18).

To restrict construction of means plus function terms to only one of several disclosures in the specification requires reading a limitation from the specification into the claims, in violation of the canons of claim construction and, indeed, §112, ¶ 6. *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 904 (Fed. Cir. 2004); *Serrano*, 111 F.3d at 1583. Worse, *Intell-A-Check* argues that claim 2 of the '315 patent should limit the output means to a printer, when all the other claims clearly show that the output means is a connection from a processor to an external device and the disclosure for that connection shows a cable, telephone line, a local area network, package switching system, cellular telephone, radio transmission system, satellite transmission system, infrared transmission system diskette, or other mass storage or other method of transferring data from one location to another. That is, the input and output means can be any of several different structures.

**D. Processing means**

“Processing means” refers to a computer processing unit connected to an input means. It receives and processes input information to format a draft, drawn on the payor’s account and payable to the payee. The draft format includes the payor’s account number, financial institution identification number that holds the payor’s account and instruction to pay the specified amount to the payee. (‘677 patent, col. 12, ll. 32-44 and figure 4). As shown above, processing means may be connected to the input and output means through various data transfer connections including the wires or cables depicted in fig. 1, the telephone line depicted in figure 8, a local area network (internet, file sharing, networking), package switching system (telephony), cellular telephone (touch pads and wireless devices), radio transmission system (wireless), satellite transmission system (wireless), infrared transmission system (wireless), diskette or other mass storage transfer (file transfer or download) or other method of transferring data from one location to another disclosed in the patent. (‘677 patent, col. 6, ll. 40-47; col. 7, ll. 6-18; col. 8, ll. 16-35 and col. 14, ll. 44-54).

**E. Payor (payer) previously unknown to the apparatus and (system) and Payor (payer) who has not previously authorized payments**

The plain meaning of a claim term cannot be disregarded. *Johnson Worldwide Assocs., Inc. v. Zebco Corp.*, 175 F.3d 985, 989 (Fed. Cir. 1999). “Payor who has not previously authorized payments” in the context of these claims is clear, and need not be construed other than that the payor has not authorized payments to be made from his or her account previously using the patented method or process. There is no other reasonable construction. (See claim language of claims 10, 12, 14, 15 and 16 of the ‘315 patent). To the extent that a payor not previously known to the apparatus or system must be construed in the same manner as a payor who has not previously authorized payments, it should be so construed.

Intell-A-Check ignores the plain meaning of these terms to argue that the language refers to a stranger. Intell-A-Check cannot even use the specification, but must rely on a second

preliminary amendment of the '249 patent, dated September 27, 1996. Yet, the comments quoted by Intell-A-Check were not related to the claim language at issue.

The specification is clear that a payor is a debtor in a debtor-creditor relationship with the payee. In that sense, "debtor's name, address, telephone number, description of the debt, and the amount are typically already known to an [operator of a collection system]." The remaining input information describing the desired draft transaction particularly the ABA number, account number and next check number, is obtained from the debtor or "payor". ('677 patent, col. 7, line 20, *et. seq.*, and corresponding disclosure in the '249, '315 and '698 patents).

By virtue of being a debtor, the payor typically has an existing account and credit relationship with the payee. It is information regarding a distinct payment and transaction (i.e. the ABA number, the account number, next check number) that is unknown to the system and must be entered. (*Id.*). The plain meaning of the claims and the specification are sufficient.

**F. Claim 10 of the '315 patent**

In its November 21, 2003 supplemental memorandum, Intell-A-Check sought to add claim 10 as disputed claim term. Now, six months later, Intell-A-Check makes additional arguments with respect to claim 10. Two terms of claim 10 are now in dispute, as Intell-A-Check argues that both the steps of "processing said electronic record ..." and "generating an electronic record" require printing. How printing, never mentioned in the claim, can be required twice shows the specious nature of Intell-A-Check's entire argument.

The fact is that claim 10 does not include a step requiring printing a paper copy of a draft. Both of the claim terms are clear and should be construed per their plain meaning.

- (i) Processing said electronic record and transmitting information to a central clearing system for processing, to cause a transfer of funds from said payer's account to said payee.**

The claim term does not require printing a paper draft, or printing a paper copy. Again, a limitation from the specification cannot be read into the claim. See, e.g., *Liebel-Flarsheim Co.*,

358 F.3d at 904. Moreover, reading such limitation into claim 10 would make claim 10 identical to claim 8 of the '315 patent violating the principle of claim differentiation. See *Beachcombers, Int'l v. WildeWood Creative Prod., Inc.*, 31 F.3d 1154, 1162 (Fed. Cir. 1994). (Compare claims 8 and 10). The file history of claim 10 shows that the limitation of printing or generating a paper draft was never in the claim. The claim was added by amendment and was never amended but for correcting a typographical error. There is no prosecution history estoppel requiring a construction other than under the plain meaning. (See the '315 patent file history).

The double patenting rejection by the examiner was based on the judicially created doctrine of double patenting. The examiner found that a disclosure from the '677 patent "fully disclosed" and rendered the claim element obvious. To render a claim element obvious, it must teach an obvious variant or of the claim element. See, e.g., *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 164 (Fed. Cir. 1985). Under the presumption of administrative correctness which applies to government actions, the examiner is presumed correct in his official actions. *Applied Materials*, 98 F.3d at 1569; *Interconnect Planning Corp.*, 774 F.2d at 1139. Therefore, the disclosure of the '677 patent "fully disclosed" and rendered obvious this element by teaching what the element defines. ('315 patent file history, March 31, 1999 office action regarding claim 26 (issued as claim 10) at pages 3, 8-10).

In the '315 file history, the patent examiner found this claim language "fully disclosed" and rendered obvious by a disclosure in the '677 patent, col. 11, l. 49. (See the '315 patent file history, March 31, 1999 office action, pp. 3, 10). This does not mean that such disclosure should be the literal manner in which this claim language is construed. One cannot read a limitation from the specification of the patent itself into the claims. *Liebel-Flarsheim Co.*, 358 F.3d at 904. Certainly, one cannot read the specification of another patent as a limitation to the patent being construed.

The examiner's comments show that the '677 patent disclosure clearly enabled this claim because he found it rendered the claim obvious. (*Id.*) The rejection was overcome by a terminal

disclaimer. The examiner never stated nor implied that the claim should be construed to mean exactly what he referred to in the '677 patent specification as rendering the claim obvious. (See the '315 patent file history).

The Notice of Allowance reads:

As per claim 26, [which became patent claim 10] the prior art does not disclose nor suggest a process for automatically generating payments on financial accounts belonging to a payer in payment to a payee comprising identifying a new payer previously unknown to the system and contemporaneously entering payment order information, the information including a financial institution identification and an amount to pay to the payee and generating an order to pay using the received information in combination with the other limitations of claim [10].

(See '315 patent file history, October 20, 1999 Notice of Allowance, at p. 4, a copy of which is attached as Ex. C hereto for ease of reference). Clearly, generating a paper draft was not a claim limitation.

In contrast, in claim 8, the Notice of Allowance specifically states that the claim limitations include "and generating a paper copy of the draft in combination with the other limitations of claim [8]." [Sic]. Again, it is clear that, where the limitation of a paper copy existed, the examiner so noted. Claims 8 and 10 would be no different if the limitation of printing a paper copy was read into claim 10.

As one step of the process, the information entered is used to generate an electronic record, containing information sufficient to generate an order to pay an amount authorized by the payer to the payee. ('315 patent, col. 12, ll. 10-26; also see the '315 patent file history, October 20, 1999 Notice of Allowance at page 4 (Ex. C)). This disclosure covers on-line authorization and/or guarantees and transmission of draft information electronically with no paper copy of the draft. In fact, not only does the disclosure provide that the draft need not be printed but that it is the preferred embodiment that the draft be permanently archived and electronically stored. ('249

patent, col. 13, ll. 23-30, col. 12, ll. 38-55). Various data transfer connections, including electronic, on-line, telephonic, and cellular connections are available where no paper copy nor printing are required. ('677 patent, col. 14, ll. 44-54).

- (ii) **Using said input information generating an electronic record containing information sufficient to generate an order to pay an amount authorized by said payor to said payee.**

Both steps, "processing an electronic record and transmitting information to a central clearing system for processing to close a transfer a funds from said payor account to said payee" and "using said input information, generating an electronic record containing information sufficient to generate an order to pay an amount authorized by said payor to said payee" are fully disclosed in the patent. The arguments regarding the Notice of Allowance and the file history apply here, as well.

A later step (i.e. limitation) from the specification should never be read into the claims. *Liebel-Flarsheim Co.*, 358 F.3d at 904. Later or different steps should not be read into other steps. At most, printing may be a later step disclosed. However, in disclosing several steps, a patentee is not proscribed from claiming only a portion of those steps nor from claiming particular combinations of steps. If the invention is patentable without certain later steps, the patentee can always claim those steps. See *Smith & Nephew, Inc. v. Ethicon, Inc.*, 276 F.3d 1304, 1311 (Fed. Cir. 2001). The terms should be construed consistent with their plain meaning.

Although Intell-A-Check commenced this action, it never raised an issue with respect to claim 10. As such, throughout discovery and, indeed, for six months after the close of discovery, defendant did not conduct discovery on infringement issues related to claim 10. This is very real prejudice as it is clear that plaintiff ultimately disputes the construction of claim 10 for its non-infringement arguments. That is, despite discovery being closed, plaintiff will now

argue that its system and the use thereof is to be without printing a paper copy of a draft. Thus, claim 10, which has no such limitation, suddenly concerns Intell-A-Check. Unhappy with not raising this issue by the May 22, 2003 deadline, Intell-A-Check concocted an argument to raise this issue in its November 2003 supplemental briefing. Still unhappy with its arguments, Intell-A-Check again argues claim 10. But Intell-A-Check's arguments are internally inconsistent.

Basically, Intell-A-Check argues that the disclosure in the specification requires printing a paper copy of the draft and, if not, the disclosure does not enable the invention. Intell-A-Check then misrepresents to the court that the examiner, "originally rejected this claim on the basis of 'double patenting' and a lack of specification support". IM at 21 (Emphasis added). This statement is false and ultimately proves that Intell-A-Check's argument fails. The examiner did not reject claim 10 for lack of enablement. Rather, as already briefed by Autoscribe in reply to Intell-A-Check's first supplemental brief in November 2003, the examiner found that the disclosure was not only enabling but rendered the claim obvious, even stating that the subject matter of the claim was "fully disclosed". Obviousness-type double patenting states that a disclosure from another claim of the patent renders obvious what is claimed in the patent at issue. See *In re Lonardo*, 119 F.3d 960, 965 (Fed. Cir. 1997). The examiner found that the disclosure from the patentee's original application rendered claim 10 of the '315 patent obvious. An obviousness-type double patenting rejection is easily overcome with a terminal disclaimer: the patentee does not admit that the claim is obvious from a prior claim or disclosure, but disclaims that portion of the patent claim term that would extend beyond the term of the prior patent from which it is alleged to be obvious. (*Id.* at 966). What is clear is that the disclosure referenced by the examiner ('677 patent, col. 7, ll. 34-41) not only enables claim 10 but, according to the examiner, "fully discloses" the claim and renders it obvious. (See, *supra*, March 31, 1999 office action, pp. 3, 8-10).



As the actions of the examiner are entitled to a presumption of administrative correctness, this Court must find that the disclosure was enabling. See *Applied Materials*, 98 F.3d at 1569; *Interconnect Planning Corp.*, 774 F.2d at 1139. That Intell-A-Check cannot explain the double patenting rejection and seeks to avoid the clear implication is understandable. However, Intell-A-Check's statement that claim 10 was somehow denied for a lack of enablement is specious. The original specification supported claim 10 of the '315 patent so thoroughly that the examiner found it rendered the claim obvious. As such, the examiner rejected the claim 10 for obviousness-type double patenting so that the inventor had to disclaim part of the patent term of the '315 patent to overcome the rejection.

Next, defendants note that, throughout the specification, there is disclosure for using the input information to generate an electronic record containing information sufficient to generate an order to pay an amount authorized by the payor to the payee and then for processing the electronic record and transmitting information to a central clearing system for processing to cause transfer of funds from said payor to the payee. ('677 patent, col. 7, ll. 34-41; col. 8, ll. 15-35; col. 9, line 47- ; col. 10, line 3, col. 10, line 59- Col. 11, line 41.) Any printing of the check, if at all, occurs after processing. (*Id.*). That is, printing is a separate and distinct step. (*Id.*). There is no requirement that the separate and distinct step of printing be claimed.

In the '315 patent, claim 8 includes the steps of processing, generating and printing. Claim 10 does not and, to impose the limitation of printing, would render claim 10 identical to claim 8, violating the principle of claim differentiation as well as the basic principle that a disclosure can include several steps, and a claim to some, or a combination, of those steps, is still a patentable invention. *Smith & Nephew, Inc.*, 276 F.3d at 1311.

Intell-A-Check would have this Court require that any claim include each and every limitation in the specification and, if the claim is not worded as such, impose such limitations into the claim. Yet, the Federal Circuit has held in opposite: the court shall not read limitations from the specification into the claim. *Liebel-Flarsheim Co.*, 358 F.3d at 904. Here, the specification discusses the limitation of printing after processing and generating. The specification includes that limitation really as a option and, even if not, to read it into the claims would be an error. That an electronic record of the draft is processed and information is transmitted to a central clearing system for processing to close a transfer of funds from said payor account to said payee is repeatedly disclosed in the patent:

The next check number in debtor's check sequence is obtained and the debtor is instructed to destroy the existing check bearing that number. *After processing by the check clearing house system*, the draft generated will appear in the debtor's bank account statement as a numbered check and the paid draft will be returned to debtor with his or her other checks depending on the policy of the debtor's financial institution.

('677 patent, col. 7, ll. 34-41). (Emphasis added).

In a second embodiment of the funds verification function of block 214, the system may be selectively connected using fax modem 112 (shown in FIG. 1) to one of the central clearing houses or data bases capable of providing on-line check authorization or check guarantees. In this embodiment, the software of the present invention would automatically connect to the check verification service and transmit appropriate draft information as part of an inquiry to determine whether sufficient funds are available ...

('677 patent, col. 12, ll. 15-31).

Formatting of the draft for printing is, as shown above, only after processing the electronic record and transmitting information to the central clearing house for processing to close the transfer of funds and after generating an electronic record containing information sufficient to generate an order to pay an amount authorized by said payor to said payee. The

formatting can be done immediately thereafter or, more preferably, the formatting can be permanently archived or temporarily stored in a more compact form (i.e. electronic form) and only performed prior to the printing of the draft. The patent disclosure so provides:

This formatting of the draft may be accomplished immediately following input of the draft defining information, or more preferably the draft information may be permanently archived and/or temporarily stored in a more compact form. Formatting, in terms of positioning of information and fonts, may then be performed immediately prior to printing of the draft.

('677 patent, col. 13, ll. 34-41).

Figure 2 of the patents in suit is a flow diagram which demonstrates that processing of the electronic record and transmitting that information to a central clearing system and generating an electronic record each are separate and distinctive steps which occur before the separate and distinct step of printing the draft. The disclosure for that figure likewise shows that the printing need not take place contemporaneously, can be scheduled to take place at some future time, or can be permanently archived. Specifically:

The information entered to define future (postdated) drafts will be stored for future use as described further below with respect to block 212 of the flow chart.

('677 patent, col. 9, ll. 24-26).

Then, as can be seen from the disclosure (col. 9, ll. 27, *et. seq.*), electronic algorithms and verifications are performed including verification of ABA numbers, account numbers, zip codes and display messages. In this way, the electronic record is processed, transmitted and generated. For example, "the databases and algorithms provided are a verification means for immediately checking the validity of the data entry." (*Id.* at 43-45). Several steps before a draft is even formatted, the transaction information defining the draft is stored in the computer. (*Id.*) Immediately after storing the information in the computer, the availability of the funds is verified and the transaction is complete. (*Id.*). All of this is done before the draft is printed. The

information for the electronic record is generated, processed, transmitted and stored and funds are verified well before a draft is printed. Figure 2 demonstrates this order of steps:

In the next step, as shown in block 212, transaction information defining the draft to be produced may be stored in the computer 102, preferably in a mass storage device associated therewith. The information defining each draft printed is preferably permanently archived for future reference in case of any question or dispute.

('677 patent, col. 11, ll. 4-10)

Intell-A-Check argues that this does not mean that the formatting and printing of the draft could occur far later than the fund verification and payment but rather, that the draft is already printed when the information is stored. Yet, this is belied by Fig. 2 itself, which, along with the description relating to the figure, shows that the information defining each draft being permanently archived for future reference, was referring to archiving the information for later printing and permanent record keeping. The very next paragraph makes this even clearer:

These postdated drafts can be printed immediately and held for deposit by the operator until their effective date, or data defining the postdated drafts can be stored in the storage step of block 212 and the program can operate to schedule production of postdated drafts and activate the printer to print the drafts on the date the drafts are desired.

('677 patent, col. 11, ll. 14-20). The disclosure later shows that printing the draft need not occur at a certain time, if at all:

This formatting of the draft may be accomplished immediately following input of the draft defining information, or more *preferably* the draft information may be permanently archived and/or temporarily stored in more compact form. Formatting, in terms of positioning of information and fonts, may then be performed immediately prior to the printing of the draft.

('677 patent, col. 13, ll. 34-41).

The specification discloses several structures for the input means to the processor and the output means from the processor to a printer, a fax machine, or other device. (See Figs. 1 and 8).

The input and output means are disclosed as a data transfer system such as a local area network, package switching system, cellular telephone, radio transmission system, satellite transmission system, infrared transmission system, diskette or other mass storage transfer device. Thus, telephonic, internet, cellular, satellite, infrared or other wireless means to communicate input and output information was disclosed as the very structure. Such wireless and other means functions to verify funds and complete transfers. Particularly at that time, such systems were not for printing a check. Indeed, the disclosure shows there need not be a wire connection from an input device nor a wire connection nor even a telephonic connection to a fax machine or a printer. Instead, wireless technology could be used to communicate both input and output for inputting, processing and verifying availability of funds and generating an electronic record of the transaction.

#### **G. Magnetically encoded ink**

Certain of the claims of the patent specifically provide that a paper copy of the drafts be printed using "magnetically encoded ink." In discovery, Intell-A-Check's witnesses and its documents show that its system refers to and Intell-A-Check even sells magnetically encoded ink for printers to be used with their software. Suddenly, one year after claim construction is to be submitted, this claim term has become disputed. The prejudice to defendants, with discovery now closed, is clear. This is not a situation where Intell-A-Check, as the alleged infringer, merely responded to a suit. Intell-A-Check brought this suit seeking declaratory judgment for non-infringement on three grounds, as provided in discovery. To put in new grounds of non-infringement now, which can be the only reason to dispute these new terms, is completely against the order of the court.

Certain claims provide for "magnetically encoded ink". To read a limitation that magnetically encoded ink must be magnetically charged ink is wrong. The patent clearly states

that a draft may be printed “in ink compatible with automated character recognition equipment at automated check clearing houses” (‘677 patent, col. 13, ll. 47-53).

The claim language is magnetically encoded ink. The plain meaning is ink that can be read by magnetic ink character recognition (MICR) equipment. That is not to say it has to be magnetically charged, or that any limitation from the specification should be imported into the claim. Where the claim language is clear and unambiguous, there is no reason to impart any limitation from the specification into the claim. See *Union Carbide Chemicals & Plastics Technology Corp. v. Shell Oil Co.*, 308 F.3d 1167, 1180 (Fed. Cir. 2002).

#### H. Draft

“Draft” appears frequently in the patents in suit, without ever being defined as Intell-A-Check urges. Again, Intell-A-Check speciously puts its construction in quotes so as to infer that it is actually taking its definition from claim or patent language. Nearly all claims (except claim 10 of the ‘315 patent) require printing a paper copy of the draft. If a draft was a paper copy, it would be superfluous to claim printing a paper copy of a draft. Plaintiff’s construction requires that every claim, except claim 10, actually suggest “printing a paper copy of a paper document payable to the payee” or “printing a paper copy of a paper copy.” This is ridiculous.

In the claims, “draft” means a negotiable instrument. Claims that include an output means and a printing means note that a paper copy of the draft may be printed. (See all claims referenced except claim 10 of the ‘315 patent). Such elements would be unnecessary if a draft is a paper document. “Printing means to print paper copies of draft” would be superfluous.

It is clear that the draft may be maintained and created entirely in electronic form. (‘677 patent, col. 12, ll. 38-55). Ultimate formatting of the draft for printing purposes may be permanently archived and/or temporarily stored and such formatting would only be done immediately prior to printing of the draft. (‘677 patent, col. 12, ll. 38-55, col. 13, ll. 34-41).

If the draft were the printed copies itself, the claims need not provide limitations for an output means and printing means to print a paper copy. The specification also then would not provide for formatting of a draft "immediately prior to printing of the draft" or the more preferable alternative of permanently archiving and/or temporarily storing the draft in electronic or compact form. ('677 patent, col. 13, ll. 24- 41, col. 12, ll. 38-55).

A draft may be stored in electronic form. (*Id.*). Obviously, a paper copy is not being stored; the information that defines the negotiable instrument is being stored in electronic form.

#### **I. Contemporaneously**

No dictionary defines "contemporaneously" without stating the word "simultaneously." That "contemporaneously" should mean "something that must occur during a telephone conversation" is absurd.

At best, Intell-A-Check attempts to read an embodiment disclosed in the specification into the claim. Again, Intell-A-Check places its proffered construction in quotations, but the language is merely from a description of one embodiment of the invention. The patent repeatedly provides that a system operator obtaining information during a telephone call to be input into the system is only one method of practicing the invention. The patentee goes to great pains to note variations on the preferred embodiment where the data connection means could be any transfer system. The specification shows that the data connection means could take information from one computer to input into the computer which is the processor of the system. The information can be input from a telephone, but "need not be a telephone line." ('677 patent, col. 14, line 46). The information can be input from a local area network wherein the operator and the payee may be on a computer system at the same time; a packet switching system using telephony devices such as a touch pad or voice recognition; a cellular telephone, radio transmission system, satellite transmission system or infrared transmission system using wireless devices; diskette or other mass storage transfer such as a file download. ('677 patent col. 14, ll. 44-54, figs. 1, 8).

The claim language is clear as to what is taking place simultaneously -- the system operator is simultaneously entering (1) information sufficient to identify a new payor previously unknown to the system and (2) information specifying a draft to be generated on account of that payor. (See claims 1, 2, 4, 5, 6, 17, 18 and 19 of the '315 patent).

As used in the claim terms, "contemporaneously" has the plain meaning of "simultaneously" or "occurring at the same time". Merriam Webster's Collegiate Dictionary, 10<sup>th</sup> ed., p. 250. In addition, as used in the claim term, contemporaneously indicates that the information claimed to be entered -- that is, the information identifying the new payor previously unknown to the apparatus and information specifying a draft to be generated on the account of that payor -- is entered at the same time. There is no language whatsoever in these claims that mandates or in any way indicates that there be a telephone call between a system operator and a payor.

A quote from a claim wherein the word "contemporaneously" is used shows the weakness of Intell-A-Check's position:

... input means for performing an electronic information input process wherein a system operator *contemporaneously* enters information sufficient to identify a new payor previously unknown to the system and [(ii)] information specified in the draft to be generated on account of that payor...Intell-A-Check's.

(Claim 1 of '315 patent). The plain meaning is clear. There is no telephone call limitation.



**V. CONCLUSION**

For the reasons stated herein, this Court should disregard Intell-A-Check's memorandum for construction of additional claim terms, in its entirety.

Respectfully submitted,

Dated: June 4, 2004

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**FOR PUBLICATION**

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

**INTELL-A-CHECK CORPORATION,**

**Plaintiff,**

**v.**

**AUTOSCRIBE CORPORATION and  
POLLIN PATENT LICENSING, LLC,**

**Defendants.**

01-CV-4625 (WJM)

**MARKMAN OPINION**

**HON. WILLIAM J. MARTINI**

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**MARTINI, U.S.D.J.:**

This matter comes before the Court on the parties' submissions seeking the construction of certain disputed claim terms. For the reasons set forth in the Court's September 22, 2004

Opinion, and pursuant to the Order that accompanied that Opinion, only the following three claim terms are at issue: 1) "automated;" 2) "apparatus" and "system;" and 3) "security measures" and "coded embedding." On November 15, 2004, the Court conducted a *Markman* hearing, during which it heard argument in support of the parties' proffered claim constructions. Having reviewed the parties' submissions, and having heard argument, the Court construes the disputed claim terms as follows.

### **BACKGROUND**

This is a patent infringement action involving four patents. The patents in suit are related; they derive from the same initial application, Application No. 07/959,930, which was filed on October 15, 1992. The patents in suit are: U.S. Patent No. 5,504,677 ("the '677 patent"), U.S. Patent No. 5,727,249 ("the '249 patent"), U.S. Patent No. 5,966,698 ("the '698 patent"), and U.S. Patent No. 6,041,315 ("the '315 patent"). They list Robert E. Pollin as the sole inventor.

The patents in suit are directed towards automated payment systems and methods. There appear to be over 45 claims that are asserted to be infringed in this litigation. One of the more relevant claims, which is representative of many of the asserted claims, is claim 2 of the '677 patent, which reads as follows:

2. An automated apparatus for generating a plurality of authorized drafts on financial accounts belonging to a plurality of payors, the drafts payable to one of a fixed set of one or more payees, comprising:

input means for performing a manual input process wherein a system operator enters information specifying a new payor previously unknown to the apparatus and a draft to be generated on an account of that payor, said information including a financial institution identification number, payor account identifier, and an amount to be drafted from said payor's account;

processing means connected to said input means for receiving said input information and processing said information to format drafts on said financial account payable to said payee, said draft format including identification of said financial account, identification of said financial institution holding said financial account, and an instruction to pay said amount to said payee including a particular identification of said payee, and further including a signatory block for an authorizing signature other than said payor's signature;

output means for transferring said draft formats to an external magnetic printing means connectable to said processing means for generating a paper copy of said drafts using magnetically encoded ink and printing fonts compatible with clearing house check processing equipment;

wherein said apparatus is implemented on a computer using software which incorporates security measures for preventing fraudulent draft production, said security measures comprising the coded imbedding of said identification of said payee in said software whereby that payee information appearing on said drafts cannot be readily modified by a person gaining unauthorized access to said software.

'677 patent, claim 2.

The patented systems and methods are intended to improve upon previous systems and methods used to collect debts from customers, referred to as "payors" in the claim above. As described by the patents' specifications,<sup>1</sup> in the past, when a customer owed a debt to a merchant, referred to as the "payee" in the claim above, the merchant who sought to collect payment of the debt faced the prospect of the "promise to pay" or "the check is in the mail" response. The obvious problem with relying on the "promise to pay" method of debt collection is that there is no guarantee the merchant will actually receive payment because the customer could lie and not

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<sup>1</sup>With the exception of some minor differences, which are insignificant for purposes of this background discussion, the patents in suit share an identical specification.

send a check or could issue a stop payment order preventing the merchant from cashing the check.

As a result, other debt collection mechanisms were developed. The merchant could use an electronic funds transfer, which takes funds directly from the customer's checking account and transfers them directly to the merchant. However, as the specifications state, this type of transaction was not entirely convenient because it could not be authorized over the telephone, but needed to be previously authorized by the customer in writing. See '677 patent, col. 2, line 55 - col. 3, line 7. Thus, a merchant could not use an electronic funds transfer to immediately debit the customer's checking account. Other debt collection methods suffered different flaws that likewise prevented the immediate debiting of the customer's account when the debtor authorized the collection method by telephone.

The inventor sought to circumvent these problems associated with debt collection by devising a system and method that permitted immediate debiting of the customer's bank account. See '677 patent, col. 3, lines 39-44. The claimed invention requires that the system operator obtain authorization over the telephone to debit the customer's account by acquiring the customer's bank account information. After the system operator inputs that information into a computer system, the system generates a paper draft payable to the merchant. The system then allows the merchant to submit that paper draft immediately which, in turn, results in the immediate debiting of the customer's account. By obtaining authorization over the telephone to debit the customer's bank account, the inventor eliminated the need to rely on a "promise to pay." And by printing the paper draft, the inventor eliminated the need to obtain prior authorization, as would be necessary in the case of an electronic funds transfer.

The inventor recognized that such an invention can be misused by system operators who are dishonest and choose to issue checks payable to unauthorized persons, *i.e.*, someone other than the merchant who is owed the debt. Accordingly, the claimed invention calls for the use of security measures to preclude operators from generating unauthorized drafts. These security measures may include password protecting the draft printing function, hard coding the payee's information into the payment collection program so that it cannot be changed by an operator, and encoding the payee information and dispersing it throughout the program. *See* '677 patent, col. 13, line 54 - col. 14, line 12.

## **DISCUSSION**

### **I. The Law of Claim Construction**

At the *Markman* hearing, AutoScribe suggested that there are two different methods for construing claim terms, the dictionary rule, also referred to as the *Texas Digital* rule by AutoScribe, and the intrinsic evidence rule. (*Markman* Tr. ("Tr.") at 15:23-25). Basically, the difference between the two rules is how dictionaries are used as sources to help the Court construe disputed claim terms. Under the *Texas Digital* rule, dictionaries are used as one of the primary sources for claim interpretation. Under the intrinsic evidence rule, dictionaries are relegated to the second tier of sources, referred to as extrinsic evidence, and are only to be consulted if the intrinsic evidence, *i.e.*, the claims, specification and prosecution history, does not adequately define a claim term. Recognizing that this Court has in the past followed the *Texas Digital* line of cases, AutoScribe argued briefly that the more appropriate method of construing claim terms is the intrinsic evidence rule. (*Id.* at 17:19-18:8).

In support of its argument, AutoScribe discussed a recent Federal Circuit opinion in which Judge Michel stated that there is an issue as to whether the intrinsic evidence or the ordinary meaning of the term as set forth in a dictionary should be given priority as the primary reference for claim interpretation. *See Astrazeneca AB v. Mutual Pharmaceutical Co.*, 384 F.3d 1333, 1337-38 (Fed. Cir. 2004). Notably, Judge Michel passed on resolving this issue because it was not necessary to the holding of the case and because the Federal Circuit had already decided to address it in the *en banc* case *Phillips v. AWH Corp.*, 376 F.3d 1382, 1382-83 (Fed. Cir. 2004). Although *Astrazeneca* provides this Court with greater insight into the brewing debate before the Federal Circuit regarding the role of dictionaries in claim construction, it does nothing to diminish the impact of or overturn *Texas Digital*, which remains binding precedent dictating how this Court should construe disputed claim terms.

Further, even if this Court had the ability and desire to cherry-pick Federal Circuit claim construction opinions, at this time, the Court sees no compelling reason to alter its method of construing claims and ignore the ordinary meaning of a disputed claim term. By following the *Texas Digital* rule, as set forth below, a court still pays homage to the intrinsic evidence by reviewing the claims, specification and prosecution history to determine if the patentee in some way evinced a meaning different than the ordinary meaning. If the intrinsic evidence demonstrates that a disputed claim term bears a specific meaning, that meaning will be adopted regardless of the term's ordinary meaning. *See, e.g., Astrazeneca*, 384 F.3d at 1339 (finding that the inventors acted as their own lexicographers by limiting the scope of the term "solubilizer" to surfactants). Consequently, this Court will continue to follow *Texas Digital* and its progeny

unless and until the Federal Circuit decides that dictionaries should no longer be considered primary sources for interpreting claim terms.

Claim construction is a matter of law reserved for the Court to decide. *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995) (en banc), *aff'd*, 517 U.S. 370 (1996). Claim construction analysis begins with and remains focused on the language of the claims because it is that language the patentee purposefully chose to "particularly point[] out and distinctly claim[] the subject matter which the patentee regards as his invention." *Texas Digital Sys., Inc. v. Telegenix, Inc.*, 308 F.3d 1193, 1201-02 (Fed. Cir. 2002) (quoting 35 U.S.C. § 112 ¶ 2). Because the words used in the claims are viewed from the perspective of one of ordinary skill in the art, the words bear a "heavy presumption" that they take on their ordinary meaning, unless the patentee evinced an intent to deviate from that meaning. *Id.* at 1202; *Brookhill-Wilk I, LLC v. Intuitive Surgical, Inc.*, 334 F.3d 1294, 1298 (Fed. Cir. 2003).

In order to determine the ordinary meaning of claim terms, the Court may look to the intrinsic evidence, i.e., the claims themselves, the specification and prosecution history, and dictionaries and treatises. *Texas Digital*, 308 F.3d at 1202; *Brookhill-Wilk*, 334 F.3d at 1298. When looking at the language of the claims, the Court must not only consider the claim terms in dispute, but their surrounding context as well. *Brookhill-Wilk*, 334 F.3d at 1299. Dictionaries and treatises, although helpful to determine the ordinary meaning of claim terms, must be used carefully. Since the ordinary meaning of words may change over time, the Court must limit its analysis to dictionaries and treatises that are informative of the ordinary meaning of the claim



terms as of the time the patent issued.<sup>2</sup> *Id.* (The references “are not contemporaneous with the patent, do not reflect the meanings that would have been attributed to the words in dispute by persons of ordinary skill in the art as of the grant of the '003 patent, and for those reasons are not considered in our . . . claim construction analysis.”). Further, when attempting to ascertain the ordinary meaning of technical words, the Court must be circumspect about consulting general purpose dictionaries. *See, e.g., Inverness Med. Switzerland GmbH v. Princeton Biomeditech Corp.*, 309 F.3d 1365, 1369-70 (Fed. Cir. 2002). Finally, “[i]f more than one dictionary definition is consistent with the use of the words in the intrinsic record, the claim terms may be construed to encompass all such consistent meanings.” *Texas Digital*, 308 F.3d at 1203.

The specification and prosecution history must always be examined as part of the claim construction analysis to determine whether the presumption of ordinary meaning is rebutted. *Brookhill-Wilk*, 334 F.3d at 1298. First, the “presumption will be overcome where the patentee, acting as his or her own lexicographer, has clearly set forth a definition of the term different from its ordinary and customary meaning.” *Id.* at 1299; *Texas Digital*, 308 F.3d at 1204 (“Indeed, the intrinsic record may show that the specification uses the words in a manner clearly inconsistent with the ordinary meaning reflected, for example, in a dictionary definition. In such a case, the inconsistent dictionary definition must be rejected.”). Second, the presumption will be overcome where a patentee disclaims or disavows claim scope “by using words or expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.” *Brookhill-Wilk*, 334

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<sup>2</sup>Without further guidance from the Federal Circuit, the Court will not decide *ex ante* whether dictionaries at the time of issuance should be give greater weight than dictionaries in existence at the time the application was filed or an amendment was submitted. That decision should be made on a case-by-case basis depending primarily on which dictionary definitions are most consistent with how the term or terms are used in the patent.

F.3d at 1299; *Texas Digital*, 308 F.3d at 1204. "Last, as a matter of statutory authority, a claim term will cover nothing more than the corresponding structure or step disclosed in the specification, as well as equivalents thereto, if the patentee phrased the claim in step- or means-plus-function format." *CCS Fitness, Inc. v. Brunswick Corp.*, 288 F.3d 1359, 1367 (Fed. Cir. 2002) (citing 35 U.S.C. § 112 ¶ 6).

If the ordinary meaning can be ascertained from the intrinsic evidence and contemporaneous dictionaries and treatises, the Court need not look to the extrinsic evidence as part of its obligation to construe the disputed claim terms. *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576, 1583 (Fed. Cir. 1996).

## II. Disputed Claim Terms

### 1. "automated"<sup>3</sup>

In order to construe the term "automated," the Court must first resolve a threshold issue – is "automated" a limitation in need of construction even though the word appears in the preamble of the identified claims? Only if the answer to that question is yes, is it necessary for the Court to construe this term.

Generally speaking, there are three parts to every claim: the preamble, the transitional phrase, and the body. The transitional phrase, e.g., "comprising" or "consisting of," connects the preamble to the body of the claim. The preamble is the portion of the claim that includes

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<sup>3</sup>The following patents and corresponding claims were identified by the parties in the Joint Claim Construction Chart ("Joint Chart") as relevant to construction of this term: '677 patent (claims 2, 22, 37, 39, 40, 46), '249 patent (claims 1, 2, 6-8, 12, 20, 21, 25, 28, 42-44, 48, 52-54), '698 patent (claims 1-3, 6, 7), and '315 patent (claims 1, 2, 4-8, 10, 12-19, 21-23).

everything before the transitional phrase. The body is everything after the transitional phrase.

For example, the preamble of claim 2 of the '677 patent reads:

An automated apparatus for generating a plurality of authorized drafts on financial accounts belonging to a plurality of payors, the drafts payable to one of a fixed set of one or more payees . . .  
'677 patent, claim 2.

With regard to the claims identified as containing the term "automated," almost all of them only use the term in the preamble.

Terms found solely in the preamble are not to be construed if the body of the claim sets forth the complete invention. *Altiris, Inc. v. Symantic Corp.*, 318 F.3d 1363, 1371 (Fed. Cir. 2003). Thus, if the preamble does not give "life, meaning and vitality to the claim," the preamble is considered to be "of no significance to claim construction because it cannot be said to constitute or explain a claim limitation." *Id.* In order to determine whether the preamble should constitute a limitation, the Court must look to the "overall form of the claim, and the invention as described in the specification and illuminated in the prosecution history." *Id.* When the preamble merely states a "purpose or intended use for the invention," it is not limiting. *Catalina Mktg. Int'l v. Coolsavings*, 289 F.3d 801, 808 (Fed. Cir. 2002).

AutoScribe contends that "automated" is merely an "intended use" of the invention. However, beyond that bald statement, AutoScribe fails to explain why that is the case. That may be because the intended use of the invention is not "automated," but to pay the amount owed to the payee in a more timely, less cumbersome fashion than waiting for a check to be delivered in the mail. The intrinsic evidence reveals that the word "automated" is more than a purpose or intended use for the invention, but describes how the claimed system functions and achieves its

purpose. All of the patents are directed towards an "Automated Payment System." *See, e.g.*, '677 patent, Title of Invention, col. 1, line 1. As the '677 specification elaborates, an "object of the present invention is to provide a process for receiving payments in which an *automated* draft production system is provided to produce authorized drafts on the account of a payor, executable by a person other than the payor." '677 patent, col. 4, lines 40-44 (emphasis added).<sup>4</sup> The claimed invention is also described as follows:

The *automated* system used to generate the drafts in the preferred embodiment has a simple input screen which receives the necessary information for generation of the draft . . . . The system then immediately verifies the bank and account information by comparing the input information to the data in a bank information database associated with the system. '677 patent, col. 5, lines 6-14 (emphasis added).

Thus, there is nothing that conveys "automated" amounts to a mere purpose or intended use; on the contrary, it is a limitation that requires construction. Buttrressing this conclusion, is the fact that the term "automated" is not always relegated to being used in the preamble. For example, in the '315 patent, the term "automated" is used in the body of several claims. *See* '315 patent, claim 8 ("providing an automated draft production computing system"), claim 10 ("providing an automated payment order computing system"), and claim 12 ("according to automated check clearing house conventions"). Accordingly, the Court shall construe the term "automated."

With respect to how it should be construed, originally, Intell-A-Check argued that it required all of the elements of the body of the claim be performed in a self-acting manner "without any human intervention." (Pl.'s May 22, 2003 Br. at 15). However, that definition

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<sup>4</sup>Although the Court only cites to the '677 patent in this instance for support, as explained above, all of the patents in suit contain a similar, if not identical disclosure because they are related patents, derived from the same initial patent application.

ignored an element of the disputed claims that requires some input from the system operator. See, e.g., '677 patent, claim 2, col. 17, lines 41-47. Subsequently, without explanation, Intell-A-Check changed its position. In the Joint Chart, Intell-A-Check proffered a definition for "automated" that included in relevant part "working with little or no human actuation" based on the dictionary definition for "automatic." See *The New Short Oxford Dict.* 152 (1993).<sup>5</sup> This general dictionary definition appears to be more appropriate and consistent with how the term is used in the identified claims, which require that most elements be performed by the computer system with little human involvement.

Inexplicably, Intell-A-Check then proffered a third construction at the *Markman* hearing. Recognizing that its first construction, which allowed for no human input, was fatally flawed, and apparently not satisfied with the second construction, Intell-A-Check asked this Court to limit the term such that after the operator has entered the specific payor information, the claimed invention allows for *no* human involvement. (Tr. at 22:3-8). This construction, however, finds no support in the patents' disclosures. For example, claim 8 of the '315 patent explicitly calls for human interaction after the system operator inputs all of the relevant payor information into the system because it requires that the printed draft be submitted to the automated check clearing system for processing. Further, and perhaps more importantly, even a layperson reviewing the patents in suit would understand that an automated computer system may need some limited amount of human involvement after inputting the relevant draft information in order to ensure the

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<sup>5</sup>The second definition given for "automatic," which is the one cited to for support by Intell-A-Check, states in full: "Self-acting; *esp.* (of a machine, device, etc.) working of itself, with little or no direct human actuation; (of a process etc.) working thus, involving such equipment." *The New Short Oxford Dict.* 152 (1993).

system works correctly. For example, the computer may freeze, requiring the user to reboot the system and reenter the payor information. Or, a printer cartridge may run out of ink and need to be replaced. Because Intell-A-Check's third proposed construction ignores claim language, and ignores the known reality of how a user operates a computer system, it cannot possibly be correct and, thus, must be rejected.

Finally, AutoScribe, relying on its argument that this Court should not look to a dictionary definition to determine the ordinary meaning of the term, argues that "automated" should be construed to mean "the use of a system or apparatus to undertake tasks traditionally performed by human beings." (Tr. at 17:19-18:13). As stated above, this Court will adhere to *Texas Digital* and its progeny unless and until the Federal Circuit reverses its position on the use of dictionaries in *Phillips*. But, assuming *arguendo* AutoScribe is correct, the Court still disagrees with AutoScribe's proposed construction. Using AutoScribe's construction, an "automated apparatus" means "an apparatus used to undertake tasks traditionally performed by human beings." In other words, it does not allow for any human interaction. Obviously, this construction suffers from the same flaw as Intell-A-Check's first proffered construction and, for the same reason, must be rejected.

In summary, the Court adopts the ordinary meaning of the term "automated," which is most consistent with how the term is used in the patents. Accordingly, "automated" means "working with little or no human actuation."

2. "apparatus" and "system"<sup>6</sup>

As with the term "automated," AutoScribe argues that because "apparatus" and "system" are included in the identified claims' preambles, they should not be construed.<sup>7</sup> This argument, however, flies in the face of the patents' disclosures and therefore is wrong. Unlike "automated," which was referred to most often in the preamble of the relevant claims, the terms "apparatus" and "system" are consistently used in the body of the claims. Indeed, they are used in the body of 42 out of the 45 identified claims. Even in those claims where the terms are used solely in the preamble, they breathe life and meaning into the claims, not by describing a purpose or intended use, but by adding structure to them. Thus, the argument that the terms are located in the preamble and therefore should not be construed, simply ignores how the patentee chose to claim his invention and thus is inapt. Accordingly, both terms will be construed.

After reviewing the intrinsic record, it is clear that "apparatus" and "system" should be construed to mean the same thing. They are used interchangeably in the patents in suit. *See, e.g.,* '677 patent, claim 2 (claiming an "automated apparatus" that is used by a "system operator"); claim 37 (claiming an "automated apparatus" and then referring to that apparatus as a "system" in the body of the claim). Moreover, the parties proffer the same definition for both terms. Thus, they will be given the same construction.

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<sup>6</sup>The pertinent claims identified by the parties are: '677 patent (claims 2, 22, 37, 39, 40, 46), '249 patent (claims 1, 2, 6-8, 20, 21, 25, 28, 42-44, 48, 52-54), '698 patent (claims 1-3, 6, 7), and '315 patent (claims 1, 2, 4-7, 12-19, 21-23).

<sup>7</sup>It is worth noting that this argument was first articulated in the Joint Chart. In its claim construction brief, AutoScribe contended that they were limitations that should be construed. (Def.'s May 22, 2003 Br. at 24).

Both parties cite to the specifications of the patents to support their slightly different constructions. AutoScribe, generalizing based on its references to the '677 specification, argues that the terms mean "computer hardware installed with computer software." (Joint Chart at 2). Intell-A-Check, quoting a particular portion of the specification, argues that they mean "a computer, with a display screen, keyboard and printer, on which the required software program is running." (*Id.* at 1-2 (quoting '677 patent, col. 6, lines 40-44)). Although they agree that both terms involve a computer running on the appropriate software,<sup>8</sup> AutoScribe's definition is very general, effectively not limiting the definition to any type of computer hardware used by the operator, whereas Intell-A-Check's definition is more narrow, and limits the system to a computer, keyboard, display and printer. Thus, the issue boils down to what type of computer system, if any, is required by the relevant claims.

In this case, Intell-A-Check has the better argument. There is no dispute that the computer requires at least an input device and a display device. Thus, the issue devolves into whether a printer is included in "system" and "apparatus." All of the claims, but one, explicitly require the production of a paper draft. Claim 10 of the '315 patent does not. AutoScribe argues that is because claim 10 does not produce a paper draft, but is directed to a paperless transaction.<sup>9</sup>

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<sup>8</sup>The intrinsic records supports the parties' agreement. *See, e.g.*, '677 patent, claims 2, 22 ("wherein said *apparatus* is implemented on a *computer using software*"); '249 patent, claims 1 and 7 ("automated *computer-based apparatus* . . . wherein said *apparatus* is implemented using *software*"); '315 patent, claim 12 ("a standalone personal *computer apparatus*").

<sup>9</sup>Claim 10 of the '315 patent reads:

An automated process for making payments from a payer having a financial account at a financial institution to a payee based on authorization in a telephone conversation between the payer and a

(continued...)



However, that construction is not supported by the '315 patent's disclosure. Indeed, the '315 specification directly contradicts such a construction.

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<sup>9</sup>(...continued)

system operator representing the payee, comprising the steps of:

providing an automated payment order computing system having an input screen for receiving payment order input information;

conducting a telephone conversation with a payee who has not previously authorized payments to payee by telephone, in which said system operator obtains said payment order input information, including at least identification of said financial account and a financial institution identification code identifying said financial institution holding said financial account, and contemporaneously enters said payment order input information in said input screen;

using said computing system, automatically verifying said financial institution identification code contemporaneously with system operator entry of said draft input information, by comparing said code to entries in an institutional database and determining whether said code matches an entry in the database;

if said code matches an entry in the database, retrieving identifying information about the institution and displaying said identifying information for the system operator whereby the system operator may verify institution identification with the payer;

if said code does not match an entry in the database, displaying an error indication to the system operator whereby the operator may request corrected information from the payer;

using said input information, generating an *electronic record* containing information sufficient to generate an *order to pay* an amount authorized by said payer to said payee; and

processing said *electronic record* and transmitting information to a central clearing system for processing to cause a *transfer of funds* from said payer account to said payee.

(Emphasis added).

The Abstract of the '315 patent summarizes the claimed invention as follows:

A system and method of collecting payments uses an automated *system to generate a draft*, payable to the creditor and drawn on the payor's checking account, pursuant to the payor's authorization. The draft is then executed by the debt collector as authorized signatory for the payor, and deposited into the payee's account to complete payment. The automated *system* has a simple input screen which receives the necessary information *for generation of the draft* . . . . When verification is complete, the *system generates a paper bank draft* payable to the payor . . . . '315 patent, Abstract (emphasis added).

Similarly, the "Field of Invention" depicts the invention as a system that generates a printed draft. '315 patent, col. 1, lines 17-19 ("The present invention relates to systems and methods for collecting payments using an automated *draft printing system* operated by a payment collector.") (emphasis added). Further, and probably of greatest significance to determining whether the patentee limited the construction of the term "apparatus" and "system," is the statement in the '315 specification that differentiates the patented system from one that allows electronic funds transfers. The '315 specification states in pertinent part:

One solution to the problems of reliably collecting repeated payments is a pre-authorized electronic debit. Many large and well-connected creditors, such as banks and the finance arms of automobile manufacturers, generate monthly tapes of authorized payments which are then processed electronically within the banking system. Funds are withdrawn from the checking account of the consumer and transferred directly to the creditor. . . . [S]uch *electronic funds transfers cannot be authorized by telephone*; a written authorization is legally required, *so that immediate authorized collection of a debt cannot be accomplished by this method*. '315 patent, col. 2, line 53 - col. 3, line 5 (emphasis added).

As clearly described by the patentee, the patented invention allows for the immediate collection of debts. See, e.g., '315 patent, col. 3, lines 37-41 ("Therefore, the inventor believes

there is a need for an improved system and method for collection of debts which can be used for immediately debiting a debtor's bank account when the debtor authorizes this collection method by telephone."'). Because electronic funds transfers could not be authorized by telephone, in contradistinction to the patented invention, a person of ordinary skill in the art reading that specification would understand that electronic funds transfers were not included within the scope of the patent. In fact, the patentee represented as much when prosecuting the application that matured into the '677 patent by stating, "the electronic debits of the banking system do not suggest the present invention or provide its advantages." Application No. 07/959,930, May 14, 1993 Petition to Make Special for New Application at 10.

"Where the general summary or description of the invention describes a feature of the invention (here, [immediate debt collection authorized by telephone]) and criticizes other products (here, [electronic funds transfers]) that lack that same feature, this operates as a clear disavowal of these other products (and processes using these products)." *Astrazeneca*, 384 F.3d at 1340. Thus, the patentee disavowed electronic funds transfers authorized by telephone in the specification. Since the method in claim 10 requires obtaining authorization during a telephone conversation, it cannot encapsulate electronic funds transfers; rather, it must be construed to include the production of a paper draft which provides the necessary written authorization to immediately collect the debt owed. In other words, the disputed terms shall be construed to include a printer.

In sum, the terms "apparatus" and "system" mean "computer hardware running with the required software program, including at least a computer, display screen, input device (e.g., keyboard, mouse), and associated printer."

3. "security measures" and "coded embedding"<sup>10</sup>

Although the parties acknowledged for the first time at the *Markman* hearing that "security measures" and "coded embedding" are not identical, they did not offer the Court any proposed construction for the term "security measures." Consequently, it falls to the Court to determine the meaning of "security measures."

The claimed invention seeks to prevent dishonest persons from misusing the invention by issuing drafts payable to someone other than an authorized payee. The system uses "security measures" to "reduce the likelihood of production of unauthorized drafts." '677 patent, col. 4, lines 31-34. Every time the term "security measures" is referred to in the identified claims, it includes, but is not limited to, "coded embedding." See, e.g., '677 patent, claim 2 ("security measures comprising the coded imbedding of said identification of said payee in said software"); claim 22 (same); claim 37 (same); claim 39 (same). Other security measures that are available in addition to "coded embedding," include password protection and encryption. See, e.g., '249 patent, claim 12 (claiming hard coding and password protection as security measures). Thus, "security measures" is broader than "coded embedding" and shall be construed as "measures taken to preclude the generation of drafts payable to someone other than the payee, including at least coded embedding of the payee identification information."

With respect to "coded embedding," both parties agree that it is synonymous with "hard coding." Given that, and the fact that the patent examiner explicitly found that the terms are

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<sup>10</sup>The identified relevant claims are claims 2, 22, 37, 39, 40, 46 of the '677 patent and claims 1, 2, 6-8, 12, 20, 21, 25, 28, 42-44, 48, 52-54 of the '249 patent.

synonymous," this Court agrees. However, in defining "coded embedding/hard coding," both parties err.

AutoScribe suggests that "coded embedding" means "[a]n adjective describing a routine or program that is designed for a specific situation or that uses *imbedded constants* in place of more general user input." (Joint Chart at 2, emphasis added). The problem with that definition is that it is circular, using "imbedded constants" to define "coded embedding." Intell-A-Check on the other hand originally argued that "coded embedding" means "*fixing* within a given copy of the program the payee identification information and the *secreting* thereof into the program code so that it cannot be changed." (*Id.*, emphasis added). In making that argument, Intell-A-Check goes too far by adding the requirement that coding requires secrecy. Coding does not require secrecy, and Intell-A-Check admitted as much at the *Markman* hearing. (Tr. at 68:7-19).

However, the Court, and AutoScribe based on its representation at the *Markman* hearing,<sup>12</sup> agree with the first portion of Intell-A-Check's construction – "fixing within a given copy of the program the payee identification information." The '677 and '249 specifications support that construction by disclosing that "the payee is hard-coded into the program and cannot be readily changed even by an authorized user of the system." '677 patent, col. 13, lines 66-67; '249 patent, col. 13, lines 54-55. Although Intell-A-Check appears to suggest that the payee identification information should be fixed within a specific file on the system, e.g., an identifiable executable file, this Court finds no such limitation in the patents' disclosures and,

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5. <sup>11</sup>"249 prosecution history, Application No. 08/625,295, March 13, 1997 Office Action at

<sup>12</sup>(Tr. at 76:4-9).

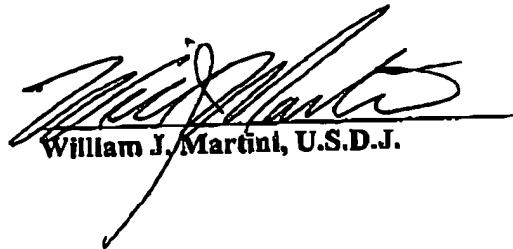
therefore, will impose no such limitation. As long as the payee identification information is fixed within the program, regardless of what file it is located in that is associated with the program, the information is properly "coded embedded / hard coded."

In conclusion, the Court will construe "coded embedding" and "hard coding" to mean "fixing within a given copy of the program the payee identification information."

### CONCLUSION

For the aforementioned reasons, the Court construes the disputed claim terms as follows:

1. "automated" means "working with little or no human actuation."
2. "system" and "apparatus" mean "computer hardware running with the required software program, including at least a computer, display screen, input device (e.g., keyboard, mouse), and associated printer."
3. "security measures" means "measures taken to preclude the generation of drafts payable to someone other than the payee, including at least coded embedding of the payee identification information."
4. "coded embedding" and "hard coding" mean "fixing within a given copy of the program the payee identification information."



William J. Martini, U.S.D.J.

cc: The Hon. Ronald J. Hedges, U.S.M.J.

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF NEW JERSEY**

**INTELL-A-CHECK CORPORATION,**

**Plaintiff,**

**v.**

**AUTOSCRIBE CORPORATION and  
POLLIN PATENT LICENSING, LLC,**

**Defendants.**

**01-CV-4625 (WJM)**

**MARKMAN ORDER**

**HON. WILLIAM J. MARTINI**

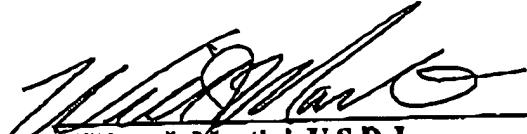
This matter comes before the Court on motions to construe certain disputed claim terms in the patents in suit. As established by this Court's September 22, 2004 Order, only three claim terms are at issue. After having reviewed the parties' submissions, and having considered the parties' arguments made at the *Markman* hearing, and for good cause shown,

IT IS on this 30<sup>th</sup> day of November 2004, hereby

**ORDERED** that the disputed claim terms shall have the following meanings:

1. "automated" means "working with little or no human actuation;"
2. "system" and "apparatus" mean "computer hardware running with the required software program, including at least a computer, display screen, input device (e.g., keyboard, mouse), and associated printer;"
3. "security measures" means "measures taken to preclude the generation of drafts payable to someone other than the payee, including at least coded embedding of the payee identification information;" and

4. "coded embedding" and "hard coding" mean "fixing within a given copy of the program the payee identification information."

  
William J. Martini, U.S.D.J.

cc: The Hon. Ronald J. Hedges, U.S.M.J.



function under §112, paragraph 6.” *Id* at 1211 (collecting authority). Autoscribe’s “price that must be paid for the use of [the convenience to express a claim in means plus function terms] is limitation of the claim to the means specified in the written description and equivalents.” *Ibid*. Only by limiting Autoscribe to a method that universally and necessarily generates a paper draft with each transaction will Autoscribe pay the required price for the convenience of having expressed its claims as a means plus function.

“Clearly linking” the disclosed structure of generating a paper draft to the claimed function is also required by §112 ¶2, in that the patentee must particularly point out and distinctly claim the claimed invention. *Ibid*. Where there is no structure that is “clearly linked” to the claimed function, such a claim fails to satisfy the patent statute and is accordingly unenforceable. It is a fundamental principle of patent law that claims should be interpreted, if possible, to preserve their validity. *See, e.g., Rhine v. Casio, Inc.*, 183 F.3d 1342, 1345 (Fed. Cir. 1999) (collecting authority). Only by limiting the reach of Claim 10 to a method that universally generates a paper draft can this principle be vindicated here. Otherwise, Autoscribe’s Claim 10 lacks specification support and fails to satisfy the standards of §112.

The inescapable consequence of Autoscribe’s acquiescence to the Examiner’s allowance of Claim 10 on these terms therefore is to limit any method, falling within that claim, to a method that necessarily and unavoidably produces a paper draft for each transaction, to be returned to the payer with the *other* checks the bank returns. Only by interpreting Claim 10 of the ‘315 Patent to require such printing did the Examiner find the claim supported by the specification. Any other conclusion would expand the scope of Claim 10 beyond the limits of the terms under which the Examiner allowed the Claim, thereby permitting Autoscribe

**Fax**☒ Urgent☐ Return reply requested☐ Original will be sent as confirmation**To: U.S. Patent and Trademark Office****Date: February 24, 2005****Attention: Office of Petitions****Re: Appl. No. 09/492,133; Filed 01/27/00  
For: Automated Payment System and  
Method****From: Evan R. Smith, Esquire****Inventor: Robert E. POLLIN****Pages (including cover sheet): 98****Your Reference:****Fax No: 571-273-0025****Our Reference: 2041.0010004**

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## Message

Due to transmission problems with our previous fax (intended to consist of 117 pages), we are re-sending herewith the Information Disclosure Statement portion of our 117-page fax, including Fourth Supplemental IDS, Form PTO-1449, and three documents.

### Certification of Facsimile Transmission

I hereby certify that the attached documents are being facsimile transmitted to the Patent and Trademark Office on the date shown below.

Sandra Culler, Patent Secretary

Name

Date: February 24, 2005

**FAX RECEIVED****FEB 24 2005****OFFICE OF PETITIONS**

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